

# The NATIONAL UNDERWRITER



## THRILL INSURANCE -

How many women know that their furs can be insured against practically all perils of loss or damage; that the policy covers everywhere in the world?

LOYALTY GROUP agents are prepared to insure the thrill of possession in the fur brings. It will pay you to investigate.



### FIREMEN'S INSURANCE COMPANY OF NEWARK, NEW JERSEY

The Girard Fire & Marine Insurance Company  
National-Ben Franklin Fire Insurance Company  
Pittsburgh Underwriters • Keystone Underwriters  
Milwaukee Mechanics' Insurance Company

The Concordia Fire Insurance Co. of Milwaukee  
Royal Plate Glass & General Ins. Co. of Canada  
The Metropolitan Casualty Ins. Co. of N. Y.  
Commercial Casualty Insurance Company

Western Department  
844 Rush St.  
Chicago, Illinois

Southwestern Dept.  
912 Commerce St.  
Dallas, Texas

Pacific Department  
220 Bush St.  
San Francisco, Calif.

HOME OFFICE  
10 Park Place  
Newark, New Jersey

Foreign Department  
111 John St.  
New York, New York

Canadian Departments  
461 Bay St., Toronto, Ontario  
404 West Hastings St., Vancouver, B. C.

FIRE · MARINE · CASUALTY · SURETY

*Loyalty Group*  
INSURANCE

THURSDAY, JANUARY 9, 1941



## Let's Make '41 an Even Better Year By Supporting Our State Associations

1940 was a wonderful year for me. It was for most of you. When the troubled conditions of the world are considered, we can feel mighty fortunate that we are in the insurance business here in our United States.

What made 1940 such a successful year? We are beginning to reap the benefits of the pool of knowledge and experience made available by our State Associations. The interchange of ideas these Associations make possible has given us the combined ability

to meet changing conditions, and come out on top. 1941 is ahead of us. Never before has it been so vital for each one of us to participate wholeheartedly in the mass movements of our business. I, for one, plan to do my part—for the benefit of our business, and for myself—by taking an even greater part in the activities of my State Association.

Join *your* State Association today—and give it your wholehearted support.

# U. S. F. & G.

UNITED STATES FIDELITY AND GUARANTY COMPANY

*with which is affiliated*

## F. & G. FIRE

FIDELITY & GUARANTY FIRE CORPORATION

HOME OFFICES: BALTIMORE



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# FURTIVE FUR THIEVES

are the cause  
of heavy losses  
to owners of  
valuable furs

•

Sell  
your clients  
and prospects  
the protection  
afforded by

## FUR INSURANCE



### *America Fore Insurance*

THE CONTINENTAL INSURANCE COMPANY  
FIDELITY-PHENIX FIRE INSURANCE COMPANY  
AMERICAN EAGLE FIRE INSURANCE COMPANY  
FIRST AMERICAN FIRE INSURANCE COMPANY

*Eighty Maiden Lane,*



### *and Indemnity Group*

NIAGARA FIRE INSURANCE COMPANY  
MARYLAND INSURANCE COMPANY OF DELAWARE  
THE FIDELITY AND CASUALTY COMPANY

BERNARD M. CULVER, President  
FRANK A. CHRISTENSEN, Vice-President

*New York, N.Y.*

NEW YORK

CHICAGO

SAN FRANCISCO

ATLANTA

DALLAS

MONTREAL





# “Full EFFICIENCY for '41'”

That slogan of the National Association of Insurance Agents takes on added significance at the beginning of '41 when you are planning for the twelve months ahead.

There can be no “full efficiency in '41” without Advertising, which over the years has proved itself a keen business-building tool. Modern business methods and competitive selling make Advertising in some form almost imperative. More and more agents therefore are seeing the light and are using to advantage the advertising facilities of their companies.

Our Advertising Department will gladly survey your needs and suggest ways and means of advertising advantageously, with minimum effort and maximum efficiency. Surely you can afford to invest a few minutes time to learn how advertising can help. Write for a copy of our booklet, “Key to Agency Development,” and convince yourself as to what can be accomplished in your agency. You may find in these pages the “golden nugget” you have been looking for!



The  
**PENNSYLVANIA**  
**FIRE INSURANCE COMPANY**

New York  
Detroit

— Boston  
— Chicago

— Philadelphia  
— San Francisco





## W. Va. Agents Take Positive Stand at Mid-Year Rally

### Oppose Countersignature Pact and Graduated Commissions

CHARLESTON, W. VA.—All sections of the state were represented at an enthusiastic mid-year conference of the West Virginia Association of Insurance Agents, held here Monday.



Fred L. Summers

There was a meeting of the executive committee at the same place the evening before. Chairman E. C. Nuzum presided at the executive committee meeting, while President Fred L. Summers was in the chair during the conference on Monday. Subjects developing the greatest interest were financial responsibility and compulsory automobile insurance, agency qualifications, resident agent or countersignature commissions and the proposed graduated commission schedule.

### Special Committee Named

A special committee, composed of F. R. Bell and R. D. Watts, was appointed to act with legislative Chairman George Robson, to study the New Hampshire responsibility law and the Virginia countersignature law, strong sentiment being expressed by many of the leaders that similar legislation should be vigorously sponsored by the association at the approaching session of the legislature.

The following resolutions were adopted:

"Resolved; that this association is unalterably opposed to the plan approved and submitted by the Association of Casualty & Surety Executives and the National Association of Insurance Agents, for the payment of commissions to local agents on business in West Virginia produced by non-resident brokers and agents, insofar as it provides for a maximum and minimum amount referred to as a fee, and

"Be it further resolved; that this association does not recognize the payment of commissions on the foregoing business as a fee. It is, therefore, the sense of this meeting that the West Virginia local agent be paid a fixed rate of commission on all such business; that method of compensation being deemed properly due him as a qualified agent in the territory he services, and in which he is consistently attempting to create good will for the company he represents as local agent, and

"Be it further resolved; that this as-

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## Security Plans 100th Anniversary Sales Program

A comprehensive sales and educational program designed to help its agents increase their income, as well as a new trademark, a nationwide advertising campaign in insurance publications, and liberal use of direct mail to insurance



PETER J. BERRY

prospects, will feature the 100th anniversary year program of the Security of New Haven, which will celebrate its 100th birthday in 1941.

"With a great national defense effort under way in this country and still to be paid for, this is no time to dwell on the past," according to Peter J. Berry, president Security and its affiliated companies, the East & West and the Connecticut Indemnity.

### Weathered Many Emergencies

"It is interesting, of course, as well as significant, that the Security has weathered a full century of wars, panics, depressions, and conflagrations and has emerged stronger than ever. But that alone won't butter many parsnips for the man on the firing line—the agent.

"Everybody is going to have to pay increased taxes to pay for national defense, and the best way to meet these new inroads is to increase one's income. The Security in its 100th anniversary year is therefore going to proceed on the basis that 'The best defense is a strong offense.'"

### Sales Manual Prepared

In a preliminary letter being sent to agents, Mr. Berry announced that Security agents will soon receive a large loose-leaf book entitled "Selling Security." Designed by the home office production staff, this will emphasize 23 different forms of insurance coverages and their sales. When the 1941 campaign is completed, this book will serve the agent as a complete sales and educational library.

The Security's new trademark, inspired by an incident in the Revolution-

## W. U. A. Adds Newcomb to Staff

### Commercial Union State Agent at Denver Be- comes Field Supervisor

W. E. Newcomb of Denver will join the Western Underwriters Association in Chicago as field supervisor commencing Feb. 1, according to announcement authorized by Manager Charles F. Thomas of the W.U.A. The work of the association has increased to a point where additional personnel is necessary.

Mr. Newcomb is 34 years of age and has been connected with the Commercial Union group during his entire business life of 13 years. For the past three years he has been state agent in the mountain field. He was selected for his new position because of his office and field experience. Mr. Thomas first became acquainted with Mr. Newcomb last October while attending a meeting of the supervisory committee in Denver.

Mr. Newcomb expects to be in Chicago Friday of this week but will return to Denver before locating permanently in Chicago.

ary War, will be featured on the front cover of the sales manual. According to Mr. Berry, it will be "a work of art adequately symbolizing what the company stands for—strength, dependability, protection."

Mr. Berry in his letter also paid tribute to his three most recent predecessors in office—Walter D. Williams, lately retired on account of ill health, and the late J. W. Alling and Victor Roth, who guided the Security through the period of the San Francisco fire in 1906, when the company paid losses greater than its then capital.

The growth of the Security from a marine company, founded to insure New Haven shippers in clipper ship days, to a multiple-line company writing practically all kinds of insurance except life, is traced in the January issue of the Security "Broadside," the company's new house organ. A feature of this is the display of 72 pictures of officers and production staff members grouped around pictures of the company's various offices, charts showing the financial record of the parent company and its affiliates, and a list of coverages written. The company's history proper is graphically shown in 48 alternate panels of text and pictures in imitation "movie film strip" style.

In order to acquaint field men with the 1941 program, group meetings were held in New Haven, Chicago and San Francisco under the personal direction of President Berry.

## Cotton Crop Insurance to Be Proposed in U. S. Senate

BIRMINGHAM — Senator J. H. Bankhead of Alabama will introduce this week in the Senate a measure to provide for insuring the cotton crop to be planted for harvest 1942. He will offer his proposal as an amendment to the federal crop insurance act, which already

## Mich. Commissioner Appointment Causes Surprise

### Berry of Detroit Hadn't Been Touted—Jenifer Named in Idaho

LANSING, MICH. — Eugene P. Berry, veteran Detroit attorney, is to be Michigan's new insurance commissioner, it is announced by Gov. Van Wagener. He will succeed Col. John G. Emery, as soon as he is confirmed by the senate and provides bond.

Insurance men were taken by surprise at the announcement since Mr. Berry's name had not been mentioned in speculation relative to the appointment.

Mr. Berry served in appointive posts under the past two Democratic governors, as a commissioner of labor and industry during the regime of W. A. Comstock in 1933-34, and as counsel to the department of agriculture under Frank Murphy, in 1937-38.

Mr. Berry was born in 1882 in Stockbridge, about 25 miles from Lansing. He attended the Detroit College of Law and was admitted to the bar in 1905. He has practiced law in Detroit since and has been active in Democratic affairs, having been the nominee for congress in 1916.

Mr. Berry was ill with influenza at his home when notified of his selection. He indicated that he would visit Lansing later in the week, however.

## Williams Named Chairman

Reuben Williams, who was appointed casualty commissioner of Texas last September, when R. G. Waters resigned to enter company work, has been transferred to life commissioner and chairman of the board of insurance commissioners of Texas to succeed the late Walter C. Woodward. He will serve for a four-year term ending Feb. 10, 1945. He was a member of Governor O'Daniel's secretarial staff during his first term and the past summer managed the governor's campaign for a second term.

J. P. Gibbs, head of the J. P. Gibbs & Co. local agency at Seguin, Texas, has been named casualty commissioner by Governor O'Daniel to succeed Mr. Williams.

### GRAVES ARK. APPOINTEE

LITTLE ROCK—J. H. Graves, Missouri Pacific railway agent at Judsonia, (CONTINUED ON PAGE 13)

provides for wheat insurance. Representative John J. Sparkman of Alabama introduced a similar amendment in the House Jan. 3. An identical amendment to the crop insurance act was passed by the last session of Congress, but vetoed by the President on the recommendation of the budget bureau.

## London Assurance Man Views War Conditions

Events of the past 20 weeks have convinced the world that the British Empire is waging not a "phony war" but a real one, "fought by real people opposed to a very real menace to civilization," George G. Beamish, home office secretary of London Assurance, declares in the current issue of "Lonchatter," staff bulletin of the company's United States branch.

Mr. Beamish has been on this side several months studying operations of London Assurance in this country and Canada.

His article, "The London Assurance and the War," is a digest of a talk recently delivered to New York office staff employees.

"Since the ill-fated conference at Munich, the shadow of war had been so close to all of us in Europe that we were not greatly shocked by the technical ending of peace. Practically all the major business houses and financial institutions, insurance companies included, had made practical plans for continued operation when war should come. Most of us felt that serious attempts to bomb London would be undertaken during the first few days or weeks of the war, and considerable preparations had been made to meet them. An act of Parliament had made it obligatory for employers and owners of buildings in the urban areas to construct shelters and give instruction to employees in fire-fighting and first aid. Accordingly, the basement at No. 1 King William street had been fortified and protected with anti-gas equipment, including an air conditioning plant, and squads had been trained for emergencies, the men in fire-fighting, men and women in first aid—quite an interesting change from the usual daily round of renewals, ledgers and correspondence.

### Used School Building

"The war-time plans of London Assurance also provided for the utilization of a school building at Weston-super-Mare, a holiday resort town of about 30,000 inhabitants on the south shore of the Bristol Channel approximately 130 miles west of London. Although the premises, with a faint odor of French verbs and Latin verses still clinging to the classrooms, are not in the style generally associated with the offices of a great insurance company, both the building and the town are well suited to our war-time needs. Accordingly, a few days before the declaration of hostilities, all but about 20 members of the staff of the head office departments, other than marine, were ensconced in their new quarters, if not comfortably at least securely. Shortly afterwards more than 100 members of the marine department staff were established in three small country houses some 30 miles from London and within easy reach of the film studios at Denham which the authorities of Lloyds had earmarked for their own use in an emergency (though they do not regard the present state of affairs as an 'emergency' great enough to drive them from London). The general manager has remained in London throughout, supported by one or two executives and their assistants. The home branches, of which there are more than 15 in various provincial cities of Britain, also remained in their usual quarters with such protection as could be arranged.

### Air Traffic Over Heads

"After the collapse of France it became evident in Weston that we were not entirely out of the war zone. The industrial towns of Cardiff and Newport were opposite to us seven or eight miles away on the other side of the Bristol Channel, while Bristol itself lay 15 miles to the east. It seemed that enemy airplanes, seeking these important objectives, used the coastline near Weston as a navigating mark after they had crossed the narrowest part of the western spit of England, the counties of Devon and Cornwall which jut out to Land's End.

"At the time when we fixed on Weston as our sanctuary we had not allowed for the whole coast of France falling into the hands of the enemy and so making the west nearly as vulnerable as the east. All these ingredients added up to a considerable amount of air traffic over our heads although the town of Weston itself was, of course, far from being a military objective. Quite often German bombers heading back home would dump their left-over cargoes in the fields near by, but the casualties were limited to a few sheep and cows, (with the possible addition of some trout who, according to the report of a local air raid precautions officer, had 'failed to return to their base').

"As the summer progressed there was a certain amount of business interruption caused by German bombing raids. While these did not succeed in lowering public morale they did reduce productive efficiency to some degree. Gradually we became accustomed to these interruptions, however, and during the closing months of the first year most business houses had made arrangements either to continue operations in the basement shelter or to disregard altogether the daytime 'alerts.' The shelters are probably more used at night time as sleeping quarters.

"The Anderson shelters made of corrugated steel and distributed to all civilians with a yard in which to sink them, are not comfortable although they provide safety against everything except a direct bomb hit. They tend to be damp and one of the people's major fears for the impending winter is of diseases or epidemics which might result from enforced residence in this type of shelter or in the large public shelters which are at present crowded and ill-ventilated.

"The London Assurance staff lost during the first year of the war approximately 25 percent of its manpower who had joined the fighting forces or the Auxiliary Fire Service. In addition, almost all the remaining men on the staff belong to one of several organizations which have been doing yeoman jobs recently, in particular the ARP Wardens and the Local Defense Volunteers, now rechristened the Home Guard. (You will understand that your time is pretty fully occupied if you have to do half another man's regular job in addition to your own and spend your evenings in drill or other training). The members of the Home Guard do at least one whole night a week on guard duty and the ARP wardens are liable to be called for dangerous and exacting work when

(CONTINUED ON PAGE 13)

### Harrison Louisville President

LOUISVILLE—The Louisville board at its election Wednesday elevated Albert G. Harrison from vice-president to president, succeeding W. Culver Vaughan. W. Irvin Renau was elected vice-president. Peyton B. Bethel was reelected secretary. Mr. Vaughan was presented with a silver service.

## New Assistant Western Manager of American

Walter H. Wolf, the new assistant western manager of American at Rock-



Walter H. Wolf

ford, Ill., has been manager of the jointly operated Detroit and Wayne county office of American and Security of New Haven. Mr. Wolf will join with Harry B. Elmers and Fred D. Hess, assistant managers, in aiding in the further development of the expanding business of American in the west. Mr. Wolf possibly may not assume his new duties at Rockford until early in February because of changes in the supervision of the joint operations of the two companies in Detroit.

## Camden Fire Reception on Significant Occasion

Camden Fire is holding a reception Saturday, Jan. 11, at the home office in celebration of the 100th anniversary of the organization of the company and also marking the opening of its new home office annex.

Camden Fire is one of the foremost business institutions of its city. Launched modestly to grant insurance "against loss by fire," on Jan. 12, 1841, the company is one of the very few early companies to survive.

## Varied Program at Memphis Instructors Parley

The annual fire department instructors conference is in session this week at Memphis. It is sponsored by the fire prevention department of the Western Actuarial Bureau and the Memphis fire department. Richard E. Vernor is chairman and J. Burr Taylor is secretary. They are both connected with the Western Actuarial Bureau.

### National Defense and Sabotage

Special attention is being given to the question of fire service in the national defense and fire prevention from the possible sabotage standpoint. The speakers on the former subject at a forum included Horatio Bond, chief engineer National Fire Protection Association; James W. Just, director of firemen's training, University of Maryland, and E. T. Cox, fire department instructor Indiana Inspection Bureau. The speaker on the second subject was E. P. Coffey, chief of technical laboratory Federal Bureau of Investigation.

This is a carefully constructed program of great practical value. It started Tuesday morning and runs to Friday noon. There were a large number of discussion periods, speakers and demonstrations.

## Hazards of Reinforced Concrete Work in Winter

The hazard of reinforced concrete construction during the winter period was brought home forcefully to insurance people by the fire in the technological buildings now under construction on the campus of Northwestern University in Evanston, Ill. The loss is still estimated at \$500,000. It was written by the stock companies under a builder's risk form.

The main lesson to be learned, according to those that have studied the loss, is the importance of causing the contractor to buy tarpaulins that are slow burning, to suspend around the construction in place of walls. At Northwestern, the contractor was using the ordinary waterproof tarpaulins. The slow burning type of tarpaulin costs more, but they last longer and they are available. They will not ignite and burn nearly as quickly as the ordinary waterproof tarpaulin.

At Northwestern there was a strong north wind and one of the tarpaulins was blown into contact with a salamander. Also at Northwestern, the plywood that was used for the forms had been impregnated with a hot paraffin solution. This is a comparatively recent process. The purpose is to create a very smooth surface on the concrete, by covering defects and grain of the wood. The old system was to get a smooth surface by plastering over the ceiling and then to apply the so-called gunnite process. These paraffin plywood boards make an extremely hot fire. They are covered with paraffin on both sides, and the paraffin itself not only produces a hot fire but the boards being rendered moisture proof, burn more quickly.

Insurance engineers have no answer to this particular hazard, but say that it is something that they will have to combat. The principal precaution is to see that slow burning tarpaulins are used.

The fire at Northwestern came just after there had been a sharp drop in the temperature. At the time of the fire, the temperature was close to zero. The streets were icy and that retarded the fire department.

The green concrete in the structure was totally ruined. Much of the old concrete was badly spalled, but some of it can be repaired.

The Northwestern loss goes down as the largest in Cook county in 1940.

## Manual of Examination Is Revised in Illinois

The revised manual of examination has now been published by the Illinois department. It has been brought up to the minute. J. O. Brown, supervisor of licenses, states that some believe that the manual should be eliminated on the theory that the procurement of licenses is made too easy when the manual is furnished gratis to applicants for license. Mr. Brown, however, believes that rather than to attempt to dispense with the manual it is preferable to continue to make the examinations more difficult and to increase the passing grade from 70 to 75. In the proposed revision of the agents' and brokers' license act which will probably be submitted to the legislature in January, Mr. Brown expressed the opinion that provision should be made for a passing grade of 75, so that there may be no question regarding the department's authority to require such a record.

## Proclaims Mutual Insurance Day

C. M. Westbrook, president of the National Association of Mutual Insurance Agents, has called on mutual agents to observe Jan. 17 as mutual insurance day in honor of Benjamin Franklin, who was born on that date in 1706. Mr. Westbrook based his appeal on the fact that the Philadelphia Contributionship is a mutual company that Franklin was instrumental in organizing in 1752.

## THIS WEEK IN INSURANCE

Appointment of Attorney Eugene P. Berry of Detroit as Michigan insurance commissioner causes surprise, as he had not previously been mentioned in the speculation. **Page 3**

West Virginia Association of Insurance Agents, at midyear meeting in Charleston, takes positive stand on a number of current topics. **Page 3**

Attorney-general McKittrick of Missouri has amended his ouster suit against the fire companies to include an attack on the Missouri rating law and the Missouri Inspection Bureau. **Page 5**

Francis P. O'Connor of Lima is appointed assistant superintendent of insurance in Ohio and Miss Robley E. Willis is named as an assistant to the superintendent. **Page 5**

W. E. Newcomb of Denver is appointed field supervisor for the Western Underwriters Association of Chicago. **Page 3**

The Chicago and Cook county department of the Firemen's group is revised with W. E. Tucker in charge of all companies. **Page 5**

Illinois appellate court holds policy traded for services unenforceable. **Page 5**

Revised standard reinsurance agreement to be acted upon by Surety Association of America at annual meeting in New York Friday. **Page 17**

Casualty acquisition cost rules as promulgated by the Chicago Acquisition Cost Council have now been approved by the national acquisition cost committees. **Page 20**



## Insurance "Trade" Void, Court Holds

### Denies Recovery on Policy Given as Tip for Massages

The first district of the Illinois appellate court in Chicago held last week that a fire insurance company is not bound by a policy "traded" by an agent or broker in exchange for merchandise or personal services. This case, *Elowe vs. Superior Fire*, is the first clear holding on this point in Illinois, although previous Illinois cases had indicated this view and several cases of other jurisdictions in accord were cited in the opinion of Presiding Justice Friend.

This case is apparently broad enough to include situations where either an agent or a broker seeks to exchange or set off insurance for services. It was not clearly established in the municipal court of Chicago, which first tried the case, whether Wanek, the producer, was actually an agent or a broker and the court held that this made no difference.

#### Insurance for Massages

Elowe, the assured, was a masseur in the National Health Club of Chicago, of which Wanek was a member. He was customarily tipped 25 cents after each massage. He agreed to massage Wanek for a year without tips and Wanek agreed to provide him with fire insurance on his household furniture without charge. Wanek obtained a policy from Superior Fire and gave it to Elowe together with a receipt for the \$15 premium. Wanek never paid the net premium to the company.

Elowe later left the employ of the club, after Wanek had received only a few massages. Wanek then told the company the premium had not been paid and asked the company to cancel, but it refused to do so. It was admitted that Superior Fire at that time did not know of the agreement between Elowe and Wanek. Elowe then suffered a loss and the company denied liability. The municipal court held for the assured. On appeal, the appellate court unanimously reversed the case.

#### Must Pay Company's Share

The opinion brought out that there were no previous Illinois cases exactly in point, but two previous cases, in each of which coverage was held valid, implied that there would be no protection if the assured did not pay in cash at least the amount of the premium less the broker's or agent's commission. In these cases, *Lycoming Fire vs. Ward*, 90 Ill. 545, and *John Hancock Mutual Life vs. Schlink*, 175 Ill. 284, the assured paid part of the premium in cash and the balance in trade or merchandise. The cash payment in each case was enough for the agent to pay the net premium to the company and the courts held that as long as the company's share was paid in cash, the agent could take his commission in any way he wished.

#### Cases in Other States

In several other jurisdictions, the court found cases holding the transaction void where all the premium was taken out in merchandise or services and the agent or broker did not pay the company. Among the cases cited were *Hoffman vs. John Hancock Mutual Life*, 92 U. S. 161, *Folb vs. Firemen's (N. C.)*, 45 S. E. 547, *Cohen vs. New Zealand (N. J.)*, 126 Atl. 417, *Smith vs. Hartford Fire (Kan.)*, 242 Pac. 455, *Clingerman vs. Pheasant*, 18 Pa. Co. Ct. 203, *Turner vs. Supreme Lodge, K. P. (Okla.)*, 27 Pac. (2nd) 612, *Equitable Society vs. Cole (Tex.)*, 35 S. W. 720 and *Allen vs. Metropolitan Life (Minn.)*, 229 N. W. 879. Among the considerations taken for insurance in these cases were a horse, a suit of clothes, cancellation of a private debt, a bull and trade in the assured's saloon.

Throughout all these cases, the prin-

## Lloyd, Ohio, Names F. P. O'Connor and Miss Willis as Aids

COLUMBUS—Francis P. O'Connor, of Lima, a former president of the Ohio Association of Insurance Agents, has been appointed assistant superintendent of insurance of Ohio to succeed Virgil G. Martin, who



FRANCIS P. O'CONNOR

resigned to become secretary of the Ohio Association of Insurance Agents. Mr. O'Connor is a member of the O'Connor & McLaughlin agency in Lima but will retire from the agency to enter upon his new duties. He has been engaged in insurance practically all his business life. He was endorsed by the Ohio Association of Life Underwriters.

Superintendent John A. Lloyd also announces the appointment of Miss Robley E. Willis of Columbus as an assistant to the superintendent. She was assistant secretary of the Ohio Association of Insurance Agents and had served as executive officer, following the retirement of Mr. Lloyd as secretary. She resigned that position to accept the one with the insurance department. Some years ago she served as secretary to Mr. Lloyd when he was in the state senate.

#### FBI Issues Protection Booklet

A booklet, "Suggestions for Protection of Industrial Facilities," has been prepared by the Federal Bureau of Investigation, Washington, D. C., for distribution to officials of manufacturing concerns producing national defense materials.

principle was expressed that acceptance of anything but money or its equivalent for insurance premiums would be "subversive of good morals and good honesty and intended to sap the ability of companies to pay their legitimate losses." Some of the cases went so far as to hold that acceptance of different types of property would be beyond the powers of an insurance company, as it would put it in a business alien to its charter.

The appellate court also rejected the argument that failure of Superior Fire to cancel the policy when requested by Wanek estopped it from claiming that the policy was invalid. The opinion pointed out that Superior Fire did not know of the agreement between Wanek and the masseur when cancellation was requested and also that the company had the right to advance credit to the assured as it saw fit, without ratifying an agreement about which it knew nothing.

The Chicago law firm of Clausen, Hirsh & Miller represented Superior Fire. J. P. Gorman of this firm argued the case.

## Tucker Heads All Chicago Units

### Becomes Loyalty Group Chicago Manager — Faymonville, Leonard Retire

William E. Tucker has now assumed charge as Chicago and Cook county manager, of all the fire and casualty companies in the Loyalty group. Heretofore, he has been manager of Commercial Casualty and Metropolitan Casualty and has been Cook county agent of National-Ben Franklin. He was elected secretary of all the Loyalty group companies.

Supervision of the fire companies of the group in Cook county has been divided between W. J. Faymonville and Frank P. Leonard, both of whom are veterans in the business and have now retired.

Mr. Tucker opened the Chicago branch of Commercial Casualty 20 years ago and 11 years ago Metropolitan Casualty was purchased by the group and was added to his jurisdiction. He has had some 30 years insurance experience. He started as a lawyer in Chicago and then handled court bonds for the old American Bonding & Casualty of Des Moines. Later he went with Aetna Casualty in Denver and then returned to American Bonding & Casualty as vice-president at the home office. His next move was to Commercial Casualty.

#### Faymonville's Career

Mr. Faymonville, who had earlier been in the railroad business, went with Fireman's Fund in the western department about 35 years ago. His brother, the late Bernard Faymonville, was then president of Fireman's Fund. Later Mr. Faymonville became manager of the automobile department in the west for Fireman's Fund. He went with Milwaukee Mechanics as Ohio state agent and then became Cook county manager. He remained in that position when Milwaukee Mechanics was purchased by Firemen's in 1928. He has been Cook county manager for Milwaukee Mechanics and Concordia.

Mr. Leonard has been Cook county manager for Girard F. & M. and Firemen's. He opened the branch in 1927 and that was one of the first branch offices of the fire companies of that group. Prior to that, Mr. Leonard had been Cook county manager of the old Marquette National and had been with that company since its organization.

Both Mr. Faymonville and Mr. Leonard intend to operate as brokers to handle their personal business.

## F. J. Agnew Public Relations Adviser

Frank J. Agnew, who has for many years been associated with Fireman's Fund as assistant secretary in charge of public relations, has resigned in order to establish himself independently as a public relations counselor.

Mr. Agnew will maintain offices at 315 Montgomery street, San Francisco, and will continue to serve the interests of the fire insurance business on the coast.

One of the most popular men in the business, Mr. Agnew has a wide acquaintance in California and throughout the Coast and Rocky Mountain states. He joined Fireman's Fund as special agent in 1922 and in 1928 was named agency superintendent. In 1929 he was elected assistant secretary of Fireman's Fund, Home Fire & Marine and Occidental.

In 1939 Mr. Agnew organized and led the campaign against the ham and eggs pension plan, and to his zeal and his talents in the field of public relations, was due, in large measure, the defeat of that scheme.

## Attack Rating Law of Missouri

### Attorney-General Amends Ouster Suit to Include Inspection Bureau Charges

JEFFERSON CITY, MO.—The Missouri supreme court has granted Attorney-General McKittrick permission to amend his petition in the ouster proceedings against the fire companies, to include the additional charge that the insurers have violated the anti-trust laws through their alleged attempts arbitrarily to fix and control rates through the operations of the Missouri Inspection Bureau.

The amended petition also charges that the companies had employed Boyle G. Clark of Columbia, Mo., as counsel for the bureau at a time when, it was charged, Clark was acting as counsel for the late G. A. S. Robertson, then superintendent of insurance.

The court has allowed the companies 10 days to file an answer to the new charges.

The ouster suit had been set for a hearing before a special commissioner on Jan. 15, but in view of the new charges it is probable there will be some delay.

The new move is a direct attack on the rating law. It was the passage of this law some years ago that caused the companies to return to Missouri after they had withdrawn following a dispute with state officials. The experience of the fire insurance companies in Missouri through the years has been one of grief.

## Expect Turkey Insurance Market to Disappear

MINNEAPOLIS — Minnesota, third largest turkey raising state and probably the most important insurance-wise, may find itself this year without a turkey insurance market. At least, this is the impression gained from statements made by some of the company men who have been most active in this field.

This situation, of course, is the direct result of the enormous turkey losses in the Armistice day storm, totaling in Minnesota alone upwards of \$500,000. Claims have been pretty well adjusted now but at the cost of a terrific headache to some of the carriers. Because of the heavy losses to growers and the promptness with which the companies paid them there undoubtedly will be a record-breaking demand for turkey insurance this year but present indications are that growers will find trouble in placing their insurance, at least in companies which have been carrying the bulk of it in recent years. Also, rates are certain to be hoisted if the business is accepted.

Much of the turkey insurance in this state has been handled in the marine departments of the companies at rates higher than the published rates. It is known that one group has definitely decided against writing turkey insurance in its marine department but may continue to write it in the farm department. Ordinarily writing of turkey insurance gets under way in February and most of it is written between then and July 1.

Normally, Minnesota raises about 2,500,000 turkeys, being exceeded only by Texas and California.

#### Rimmer Shifted to Houston

Frank Rimmer, Jr., special agent for the Dallas general agency of Frank Rimmer, has been transferred to Houston as assistant to J. P. Rimmer, special agent there. Some of his Dallas office duties will be assumed by Ben L. Culwell, who has been in the Dallas office 2½ years.



## To Start Up



W. M. SHELDON

W. M. Sheldon, who has been nominated for vice-president of the Chicago Board, is vice-president of W. A. Alexander & Co., in charge of the fire department. According to precedent, he will serve as vice-president for two years and then be in line for the presidency.

## Commissioner Expected to File Mass. Qualification Bill

BOSTON—An important qualification bill affecting agents and brokers in Massachusetts has been drafted by representatives of the state agents, brokers and general agents associations, and submitted to the insurance commissioner for approval, to be filed by the commissioner this week as one of his own bills.

The measure provides that no agent or broker shall be granted a license, nor be permitted to have his present license renewed, if it appears that more than 10 percent of his premiums are derived from a concern with which he or his spouse is connected, or from a business in which he or his spouse owns 50 percent or more of the capital stock. The commissioner would be given authority to examine the accounts of the agent or broker to satisfy himself that the law was being complied with.

The bill was drafted at a conference which included President H. C. Moore, Boston, Insurance Brokers Association of Massachusetts; President F. R. A. McGlynn, Worcester, Massachusetts Association of Insurance Agents, and H. C. Read, of Jordan, Read & Co., Boston, representing the general agents association.

## Future Plans of H. A. Miller of Ill. Department Clarified

The article referring to the future plans of H. A. Miller, special deputy of the Illinois insurance department, left certain impressions that should be corrected. When the assigned risk plan for automobile risks had to be set up in Illinois, Mr. Miller was invited to institute the scheme and serve as administrator. He agreed to do so in addition to his work at the insurance department but stipulated that his further connection with the plan should be reconsidered at the end of a three month period. Just recently he recommended to the committee that he be permitted to retire from that position about the middle of January, on the theory that the foundation work had been done and that the details could now be handled by a clerk. The committee accepted his recommendation and is now taking steps to arrange to have the work done on a new basis.

It is not a fact that Mr. Miller has

determined upon his future course so far as the insurance department is concerned. He has not resigned and is willing to continue in his position at the will of the new director. Mr. Miller has taken an important part in several projects of the department relating particularly to fire and casualty matters and some of these have not yet been disposed of. If his services are desired he will remain on the job. Mr. Miller is a practical insurance man and executive and possesses much experience that has been particularly valuable in the work of the department.

C. L. Peckham, 73, senior member of the nationally known adjustment firm of Peckham & Green, Los Angeles, died at his home in Glendale, Cal., after an illness of more than a year during which time he was inactive in the business. He was a native of Brooklyn and began as an adjuster there. Later he went to Chicago, where he operated for a number of years. He was in San Francisco when the 1906 fire occurred and helped adjust the losses. He remained in that city for some time, then went to Los Angeles, where in 1920 he formed the present firm with C. T. Green as a partner. The business will continue under the old title.

## Take Every Precaution to Check Saboteur's Activities

To avoid the growing danger of sabotage, no precaution should be overlooked, it was pointed out in American District Telegraph Company's "Transmitter." Not only producers of first line defense material such as airplane manufacturers need to observe intense vigilance, but everyone who produces material which renders any service directly or indirectly important to the national defense production. A saboteur's objective can be attained just as efficiently by preventing factories supplying supplemental products from making deliveries as by attacking the factory where the airplanes, for example, are finally assembled.

## Quick Detection Essential

In many cases the success or failure of sabotage attempts will be determined entirely by protection measures present, by the promptness with which the fact is discovered and appropriate emergency forces summoned. Automatic sprinkler systems and automatic fire detecting and reporting devices help prevent damage by fire, the favorite weapon of the saboteur. Automatic burglar alarm systems are important in protecting all possible means of entrance

to the premises. Invisible ray or electric eye burglar alarm systems can cover distances up to 1,500 feet and provide a complete network of beams so that any attempt to enter an area protected, instantaneously summons organized forces to cope with the emergency.

## Davis Retains Conneaut Agency

THE NATIONAL UNDERWRITER recently stated that J. Howard Davis had sold his agency in Conneaut, O., to E. D. & D. B. Frayer of Jefferson, O. Mr. Davis formerly operated an agency in Jefferson, which agency has been sold. However, he will continue to operate the Conneaut agency.

## Snuggs Nova Scotia Manager

HALIFAX, N. S.—H. R. Snuggs has been appointed manager and chief rating officer of the Nova Scotia Board.

Charles A. Colvin, who is retiring as Pacific Coast manager for Boston and Old Colony, Providence Washington and National Union, was feted by the executives and staff members of that office at a luncheon in San Francisco. The new manager, George P. Williams, presented Mr. Colvin with an engraved wrist watch in behalf of the head office.



**HAPPY NEW YEAR**

*Did 1940's sands swift run —*

*Leave disappointments, things undone?*

*Then put on steam, get started, son*

*You've another chance in '41.*



**HIO FARMERS**  
**INSURANCE COMPANY** • Chartered 1848

*Le Roy, Ohio*

## NEW YORK

### DR. NILSON TO "OLD GUARD"

Dr. S. J. Nilson, medical director of the America Fore group, observed his 25th anniversary with the organization and became a member of the "Old Guard." President B. M. Culver presented him the 25 year gold medal and some of his close friends made him a present of luggage.

A native of Sweden, Dr. Nilson came to this country as a boy. He graduated from Columbia's Physicians & Surgeons College in 1912.

In 1916 he became actively affiliated with the America Fore group as its medical adviser, being appointed medical director in 1918.

The medical department is one of the most up-to-date and progressive in the insurance industry. Dr. Nilson's training and executive ability has enabled him to coordinate the department with the growth of the organization, utilizing the latest scientific developments to the best advantage and stepping up all functions to keep ahead of personnel health problems.

Dr. Nilson also directs the Laboratory of Industrial Hygiene & Toxicology at the home office. This was established several years ago when occupational diseases became a legislative activity and laws were passed in various states on occupational diseases.

Dr. Nilson is the author of a chapter on "Diet and Diseases of the Skin," author of "Diet and Eczema in the Clinics of North America" and in earlier years wrote "Eat Your Way to Success," which was distributed by the America Fore.

### E. W. KELLY JOINS BENDER

W. H. Bender, Jr., general agent National Life of Vermont, New York, has appointed E. W. Kelly manager of the brokerage department. Mr. Kelly previously held the same position at the Freid agency of New England Mutual in New York. He entered the life insurance business in 1927 as a personal producer for Mutual Life after doing sales work in several other fields. Until 1934 he was an agent for Mutual Life and Penn Mutual, in 1934 becoming a personal producer of the Freid agency. He joined the brokerage department in 1936 and later became its manager. He is widely known among New York City brokers.

### COLUMBIA'S SPRING COURSES

Columbia University school of business has announced its spring schedule of evening courses in insurance. Insurance company investments, covering companies of all classes, will be given Thursdays 7:30 to 9:10 beginning Feb. 6 by C. L. Parry, research associate Metropolitan Life. Milton Acker, manager compensation and liability department, National Bureau of Casualty & Surety Underwriters, will conduct the course on casualty insurance Tuesdays 7:30 to 9:10, beginning Feb. 11. L. B. Hazzard, adjuster, will teach the course on adjustment of fire losses. This will run from 7:00 to 8:40 Thursdays, beginning Feb. 6. The fee for each course will be \$25 plus a single university fee of \$5.

### BROOKLYN DINNER JAN. 28

The annual dinner of the Independent Brokers Association of Brooklyn will be held at the Livingston Manor Jan. 28.

### Don Wimmer to Represent "Insurance Field" in Chicago

Don Wimmer has been appointed editorial representative in Chicago by the "Insurance Field" of Louisville. He has headquarters with the Branham Printing Company, 626 South Federal street. Mr. Wimmer was associate editor of the "Insurance Field" in Chicago, 1935-36. Prior to that for 10 years he was a free lance news man, conducting a news bureau and writing for many

trade publications. Since leaving the "Field" he had operated the National Clearing House at Huntington, Ind., a feature picture service, on a worldwide basis. Mr. Wimmer served as sales agent for some 350 correspondent photographers throughout the country.

### Agency Course to Start in Newark Next Week

NEWARK—Sponsored by the New Jersey Association of Underwriters and the division of special studies of the University of Newark, a course of 13 weeks on "agency management" will start Jan.

13 at the university. The course is the first of its kind and it is intended to meet a rapidly growing demand among progressive insurance agents.

Oscar Beling, Royal-Liverpool group, has organized the course. Besides Mr. Beling, lecturers will include H. L. Brooks, J. M. Byrne Agency, Newark; V. Livingston, local agent, Englewood; H. D. Holmes, Summit, former president New Jersey association, and Prof. L. J. Ackerman of the university.

The course will cover sales planning within the office, sales meetings, line records, stenographic and policy-writing details, accounting and accounting systems,

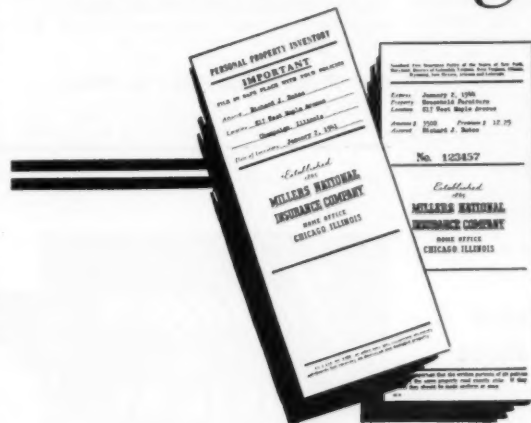
expiration records and controls and collections.

### New Company Starts Feb. 1

LANSING, MICH. — Department officials have been informed that the newly licensed Associated General Fire, participating stock fire carrier formed by the Michigan Mutual Liability, Detroit, will not attempt active operations until Feb. 1. The new company has the same officers as the mutual.

North American Fire & Marine Reinsurance and Constitution Reinsurance have been licensed in Iowa.

## INTRODUCING a NEW Agency Service

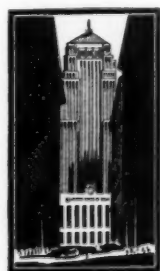


**TWO FOR ONE!** Such is the client's impression when an agent delivers this new copyrighted Personal Property Inventory folder along with a household furniture policy.

And such it is, because when completed by the client, the inventory safeguards full recovery on destroyed and damaged property. With its reminder listings, many articles rightfully belonging in his claim will not be overlooked as is frequently the case otherwise. It becomes, as it should be, a valuable supplementary record to the policy itself.

Inventory booklets and forms of various kinds have been used for many years but this one is so modern, so effectively associated with the policy itself, that in the eyes of the insuring public its use becomes distinctively a NEW agency service.

A sales file folder containing the new inventory folder with a complete explanation of how to build sales through it is now available. If this idea appeals to you a courtesy copy will be forwarded. No obligation. Simply use the coupon below.



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HOME OFFICE: 137 W. JACKSON BLVD., CHICAGO

Please forward a copy of your "Inventory" sales folder. I understand there is no obligation on my part.

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ADDRESS \_\_\_\_\_

**SERVICE HEADQUARTERS FOR ALERT AGENTS**



## NEWS OF FIELD MEN

### Treble Detroit Manager of Security

John M. Treble, formerly of the Wayne county production department of Great American, has been made manager of the Detroit branch of the Security of New Haven group. Heretofore the branch has been jointly operated by American and Security under Walter H. Wolf.

Mr. Wolf has now been made assistant western manager of American and each company hereafter will function independently in Detroit. J. J. Hubbell of Chicago, resident secretary of Security, is in Detroit this week.

Mr. Treble was formerly special agent for Detroit F. & M. and then became special agent for the Great American group when the Wayne county service office was established under the management of Raymond Waldron. He has been with Great American 8½ years. He is a graduate of the University of Michigan.

Special Agent Norman E. Peterson will continue to supervise field operations of American in Detroit and Special Agent Richard C. Coryell will be associated with the Detroit staff.

### M. F. Jones to Oklahoma as American's State Agent

Malcolm F. Jones, special agent at Richmond, Va., of the American of Newark group, has been transferred to Oklahoma and will supervise that state, traveling out of Oklahoma City. He has been in Richmond for 16 years. In recent years his territory had been restricted to the eastern half of Virginia, C. A. Swann at Roanoke supervising the other portion. He will be succeeded by Maurice Turner of Greensboro, N. C., who has been specializing in supervision of hail and inland marine business in North Carolina and Virginia.

### Woods to Tennessee, Baruth to Michigan for Sun

F. E. Woods, for the past nine years state agent for Michigan, has been named state agent for Tennessee by the Sun.

R. W. Baruth, who has been assisting E. W. Reed, state agent, in supervising Kentucky and Tennessee for six years, will succeed Mr. Woods at Detroit. Mr. Reed will confine his future supervision to Kentucky, continuing his headquarters at Columbia. Mr. Baruth will maintain headquarters at 642 Buhl building, Detroit.

Mr. Woods is being transferred in the expectation that a milder climate will be beneficial to his health.

### New Heads for Two North America Service Offices

R. O. Young, who has been manager of the Omaha service office of North America, has been transferred in the same capacity to the Cleveland service office. R. H. Petefish, heretofore state agent for Iowa with headquarters in Des Moines, has been transferred to Omaha, succeeding Mr. Young.

J. E. Bright, previously state agent for northern Ohio attached to the Cleveland service office, has been transferred to Des Moines as state agent for Iowa under the supervision of the Omaha service office, and replacing Mr. Petefish.

### Texas Blue Goose Dinner Dance

The annual dinner dance of the Texas Blue Goose will be held in Dallas, Jan. 27, preceded by a cocktail party. Reservations for the dinner should be made in advance.

The new west Texas pond will meet at Lubbock at 5 p. m. Jan. 14.

### B. F. Flood to W. Va. Field

B. F. Flood, for some time past in the Ohio field as production engineer for Royal-Liverpool, has been appointed state agent in West Virginia, with headquarters at Parkersburg. He succeeds Charles Peksa, who is being transferred to Maryland as state agent, with office at Baltimore.

Mr. Flood for years has been one of the most prominent men in the Ohio field. He has served as wielder of the Ohio Blue Goose for several terms.

### Olsen Replaces Delamater as Springfield State Agent

M. K. Olsen has been appointed state agent in South Dakota for the Springfield group to succeed Jay Delamater, who has been state agent for Springfield F. & M. since 1915. Mr. Delamater has been placed on the company's reserve list upon his own request.

Mr. Olsen is a native of South Dakota and has had experience as a local agent in Sioux Falls and as special agent in South Dakota and other states. He served as an underwriter in the Chicago office of the group. His office will be at 201 Citizens Bank building, Watertown, S. D.

### American's Eastern and Southern Field Men Meet

NEWARK—A three-day meeting of eastern, New England and southern field men of the American of Newark was held at the home office here the first part of this week.

Monday and Tuesday were devoted to various discussions on different topics by the field men and on Wednesday officers of the company made brief addresses. A banquet was held Tuesday evening, when officers of the "Kennel Club," field men's organization of the American were elected. F. W. Doremus and Earl A. London of the western department in Rockford, Ill., were in attendance.

### Cizek Iowa Special Agent

Robert W. Cizek has been added to the Iowa field force of New Hampshire Fire and Granite State as special agent, to be under the supervision of Harry W. Dunker, state agent. His offices will be at 922 Merchants National Bank building, Cedar Rapids. He is a graduate of Columbia University, and a native of Cedar Rapids, who has been in the business eight years as a local agent in that city. He is a member of the Cedar Rapids, Iowa and National Associations of Insurance Agents and is active in the local chamber of commerce, Y. M. C. A. and Boy Scout work.

### Company Men Hear Duffus

Roy A. Duffus, nationally known local agent of Rochester, N. Y., Friday evening will give a lecture before a large audience of New York brokers and he will give a luncheon address at the closing session of the London Assurance round-up of field men. His topic will be "Productive Service from Progressive Field Men."

Mr. Duffus' bid to the London Assurance session dates from a meeting with Ralph W. Bugli, London advertising manager, when the two were speakers on the Tennessee agents' association program at Chattanooga last June. In his talk there Mr. Duffus referred to the frequency with which agency representatives invite company officials to speak at producers' meetings whereas company men seldom ask for an expression of local agency viewpoints.

Mr. Bugli set about convincing Mr.

Duffus that London Assurance was one exception to the rule cited and issued an invitation to have Mr. Duffus address the London meeting.

The meeting of brokers that Mr. Duffus will address was arranged by Edward I. White, president of White & Camby of New York. It is to be held at the Hotel Biltmore 5:30 to 7 p. m. Mr. White sent invitations to about 3,500 brokers. Mr. Duffus will also address a similar meeting at the same place Feb. 10, and a third meeting March 10. Mr. White will open the program and George W. Scott, educational director of the National Association of Insurance Agents, will introduce Mr. Duffus. Archie B. Smith of Zweig, Smith & Co., of New York, former member of the executive committee of the National agents association, will say a few words.

### Harrington Bay State Guest

The Bay State Club of Boston will entertain Commissioner Harrington and other insurance department officials the evening of Jan. 17. "Swede" Nelson, famous Dartmouth football player, will give an illustrated talk on football and other sports.

### Fire Association Rally in West

Field men of the western department of Fire Association gathered in Chicago

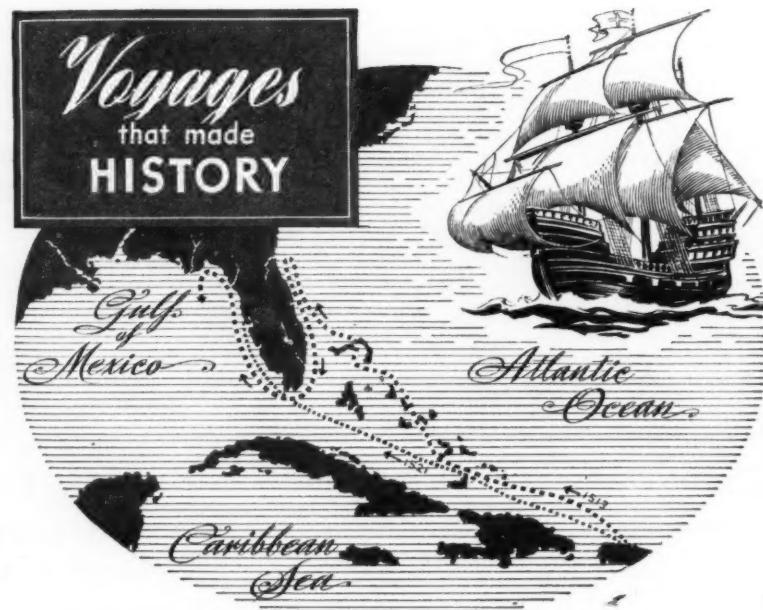
for a three-day session with Manager A. F. Powrie and the western department staff together with a group of head office executives including President O. E. Lane, Vice-presidents James G. Macomachy and J. V. Herd, Secretary T. S. Deering and Assistant Secretary J. F. Barclay. The meetings were held in the Union League Club and the ground was covered intensively.

### Ohio Speakers' Activities

T. J. Ocasek, president of the Ohio Stock Fire Insurance Speakers Association, announces that at the meeting next Monday an important skit on manufacturing use and occupancy will be staged by J. A. Neilan, Norwich Union; D. P. Hague-Rogers, Eagle Star, and G. F. Graff, Hanover. E. C. Knoop, Home, has been appointed chairman of the skit committee of the public relations committee of the Ohio Fire Underwriters Association to succeed B. F. Flood, Royal, who has been transferred to another state.

### Report Forshay Banquet Plans

DES MOINES—B. C. Hopkins, general chairman of the R. W. Forshay testimonial banquet Jan. 27, following the mid-year meeting of the Iowa Association of Insurance Agents, reported on progress of the various committees



Ponce de Leon, who accompanied Columbus on his second voyage, remained in Porto Rico and became governor. Here the Indians told him of a fountain of youth located on a nearby island. Receiving permission from the King of Spain to search for the fountain, Ponce de Leon followed the chain of islands now known as the Bahamas. On Easter Sunday, 1513, he came upon a land which he called "Florida," from the Spanish name for Easter Sunday. He searched in vain for the miraculous fountain, but unfriendly Indians forced him to return to Porto Rico. In 1521, Ponce de Leon once more attempted a settlement in Florida, but again the Indians attacked, killing this old man who wanted more than anything else to regain his youth.

UNFORTUNATELY, Ponce de Leon could not possibly

foresee the trouble he would encounter in his search for a fabulous fountain.

The modern agent or broker can avoid trouble with ocean and inland marine risks because he foresees the advantages of dealing with Appleton & Cox, Inc. Outstanding specialists in this field for 69 years, Appleton & Cox, Inc., offer your assureds the very latest forms of world-wide protection! You'll find this organization anxious at all times to advise on marine insurance problems.

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preparing for the event at the Monday luncheon of the Iowa Blue Goose. J. H. Bunten, most loyal gander and chairman of the invitation committee, and G. LaMair, co-chairman of the finance committee, also reported.

Guests attending the luncheon included Dean Lightfoot, newly appointed Springfield Fire & Marine special agent in Iowa; Edward Myers of the Underwriters Adjusting Company; and Frank Stauffer of Colfax, former vice-president of the state association.

E. L. Stephenson, manager Associated Aviation Underwriters, Chicago, will speak at next week's meeting.

#### W. S. Maguire Joins G. & R. in N. Y.

Walter S. Maguire, formerly state agent of Eagle Star, has joined Globe & Rutgers and American Home Fire as state agent in western New York. He takes the place of David C. White, who has been transferred to the home office to be associated with the brokerage and metropolitan departments.

Mr. Maguire's headquarters will be in the University building, Syracuse. He was recently elected treasurer of the Syracuse Field Club.

#### Kansas F. U. A. Meeting

George Freese, St. Paul state agent, Wichita, presided at the regular meeting of the Kansas Fire Underwriters Association in Topeka this week as vice-president. President Howard Searle, Crum & Forster, was called into military service last month. Mr. Searle will be continued as president until the annual meeting in May. R. E. Hauck, North British, is secretary. Business Development plans were discussed.

#### Joint Philadelphia Party

The Penn pond of the Blue Goose held a joint entertainment Monday with the Underwriters Club of Eastern Pennsylvania. Robert Dunn, North America, presided as the newly elected most loyal gander of the Blue Goose.

J. R. Knowlan has temporarily relinquished the office as secretary of the Blue Goose and also of the Insurance Society while he is on active duty with the marine corps. He is commanding officer of the seventh battalion, marine corps, with the rank of major.

#### Plan Missouri Gatherings

ST. LOUIS—A series of 15 educational meetings during the next six months is being planned by Frank Eubank, Queen, central committee chairman Missouri Fire Underwriters Association.

#### Mountain Field Club Elects

DENVER—Horace Maltby, manager Westchester, was elected president of the Mountain Field Club at its annual meeting. He succeeds Charles Fletcher, who was presented a fishing outfit in recognition of his service the past year. Hal Bartlett, Phoenix Assurance, was elected vice-president and Preston E. Heath, Scottish Union & National, re-elected secretary. J. C. Burt, Fire Association, and C. H. Jones, Commercial Union, were named on the governing committee.

#### Ward Shifted to Los Angeles

Richard Ward, formerly special agent of the Firemen's group in Seattle, has been transferred to the Los Angeles branch as underwriter in the fire department. He succeeds Norman Horschburg, who resigned to become special agent in the Los Angeles office of the Associated Fire & Marine.

#### Washington Pond Initiation

The Washington Blue Goose held its December meeting in Spokane with a large attendance. Seven candidates were initiated.

#### E. S. Owren, Jr., Retires

Special Agent E. S. Owren, Jr., who has been covering eastern Massachusetts

and Rhode Island for Crum & Forster the past year, has retired. State Agent John E. Shennett, who has been supervising the district, will take over the work until a new appointment is made.

#### NEWS BRIEFS

Harry B. Lucky, Minnesota state agent Aetna Fire group, has been hospitalized the past week on account of a leg infection. He hoped to be released in time to attend the Aetna conference at Chicago.

The New Jersey Field Club will hold a dinner meeting in Newark Jan. 27.

The Sioux Falls, S. D., Blue Goose held its annual holiday dinner dance with about 60 in attendance. Porcelain

blue geese as favors were given to the ladies. R. W. Hayward, National Fire; C. E. Dana, Home; C. E. McLaughlin, Sioux Falls manager inspection bureau, were in charge.

Philip M. Lorton, special agent of Travelers Fire and Charter Oak Fire in Indianapolis, has been called for military service.

Clifford Gordon, Jr., Kansas special agent of the Western companies of Fort Scott, who recently moved to Wichita, has opened offices at 315 Orpheum building.

The Iowa Fire Prevention Association will hold its first inspection of the year at Keokuk Jan. 22-23. H. K. Rogers will speak at the banquet.

men and the cashiers and claim department.

#### John A. Buxton Head of Minnesota Implement Mutual

OWATONNA, MINN. — John A. Buxton has become president of the Minnesota Implement Mutual Fire, succeeding C. E. Twitchell, resigned. Mr. Twitchell will devote a considerable part of his time in the future to the reinsurance field. He continues as a director of the National Association of Mutual Insurance Companies and will also serve on the national industrial information committee.

Mr. Buxton, the new president, has been vice-president. He is a son of Chairman C. I. Buxton. James E. Kidd has been advanced from secretary to vice-president and F. K. Young has been elected secretary. F. C. Kinyon, assistant treasurer for many years, retired Jan. 1 and this post was taken by L. E. Hartle, who has been assistant secretary for some years.

The G. F. Rigby Agency, Gallup, N. M., has been sold to Alfred Meyers.

Charter Oak Fire has been licensed in West Virginia.

Plymouth of Chicago has been entered in Wisconsin.

## AS SEEN FROM CHICAGO

#### HONOR FREYBE ON RETIREMENT

Charles Freybe, who has been a member of the accounts division of National Fire in the western department for nearly 30 years, is retiring. He was guest of honor at a luncheon given by the western department managerial staff and was presented a wrist watch by Manager George Bell.

#### INSURANCE DIVISION TOPS QUOTA

The insurance division of the Chicago Community Fund has reached its quota of \$85,000 and will go over this by a small amount. S. A. Rothermel, Moore, Case, Lyman & Hubbard, the chairman, reported. Mr. Rothermel expressed his thanks and those of the vice-chairmen to the insurance fraternity for its support of the campaign, and particularly to the workers who volunteered and gave their time in raising the money.

#### ILL. EXAMINER IN NEW POST

M. H. Wettaw has resigned as examiner of the Illinois department to become associated with Walter C. Green, Chicago consulting actuary. Mr. Wettaw has been with Illinois department eight years and prior to that was auditor for the Southern Illinois Railway & Power Company for 10 years.

#### TRANSPORT AGENCY OPENED

Transport Insurance Agency has been opened in the Board of Trade building, Chicago, with James E. Short as president. This agency will handle all phases of transportation insurance and also will do a general insurance business. Mr. Short has had 10 years' insurance experience, starting in Columbus, O., with the W. A. Warren & Co. local agency, after he attended Ohio State University. He went to Chicago in 1935 with Hartford Accident's western department as engineer, later doing claims work and then being assistant in underwriting, and handling credits of agents. His agency is an agent of Century Indemnity and American Casualty in Cook county. The agency is incorporated and has its own independent claims and engineering services.

#### CHICAGO LOSSES AT LOW MARK

Chicago's paid fire losses in 1940 were the lowest in five years, according to an estimate by M. J. Corrigan, fire commissioner, who reported a total of \$4,850,000 in 1940 as compared with \$7,800,000 in 1939.

There were 4.95 percent fewer fires in Chicago during 1940 than in 1939, according to the Fire Insurance Patrol's report. Last year, the patrol answered 7,981 calls compared to 8,397 in 1939 and 7,757 in 1938. In December there were 775 fires, the lowest for that month since records have been maintained.

The largest fire loss of the year was \$200,000 to the Harris Brothers Lumber Company plant.

#### CELEBRATES 30TH ANNIVERSARY

Stuart R. Plattenburg celebrated his 30th year with the Cook county and Illi-

nois branch of Travelers, Chicago, on Friday. He served for one year as assistant cashier and for the other 29 as cashier in charge of personnel and office management. A native of Columbus, O., his connection with Travelers has been his only insurance experience. He received flowers and congratulations from the entire office force, the full-time sales-



**A HALL MARK of QUALITY**—for 117 years this sign, the crest of the city of York, England, has been adopted as one of the marks of the Yorkshire Insurance Company. The Yorkshire Group has indeed a typical American staff and outlook, but every one of its agents and employees takes pride and inspiration in the knowledge that they represent and carry on a business with a worthy tradition of progress bound by a soundness of investment and underwriting principles



Will Wrightman  
FIELD CORRESPONDENT

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FIRE & MARINE AND THE

YORKSHIRE  
INDEMNITY CO. OF N.Y.

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NEW YORK CITY

## Campbell Explains Credit Campaign to Illinois Field Men

PEORIA, ILL.—At the semi-annual meeting of the Illinois Fire Underwriters Association here, Don C. Campbell, Chicago credit manager western department America Fore group, said that 40



DON C. CAMPBELL

percent of the \$3,200,000,000 credit loss from 1930 to 1935 could have been saved if the customers had carried adequate insurance protection. To remedy this situation, he said, the 35,000 to 40,000 credit managers must be taught to think about insurance. If this is done, there will be a premium increase of \$360,000,000.

Mr. Campbell said that before credit men can be made "insurance conscious," insurance men must become "credit conscious." The business needs a long term public relations program to educate the manufacturers through their credit men, who in turn will educate the wholesalers and jobbers and they in turn the retailers, until everyone down to the families and employees of these persons will know what insurance will do for them.

### Stress Advantage to Credit Men

The less said about premium increases the better, Mr. Campbell continued. The effects of uninsured losses should be emphasized to credit men and the means of protection against them should be played up. If the campaign is properly handled, all business will benefit and insurance companies and agents will prosper as a result.

Since 84 percent of the credit managers in manufacturing, wholesaling and jobbing lines buy insurance for their firms, Mr. Campbell pointed out that educating these men along insurance lines will also improve the protection of the creditors themselves. He said that the insurance business should be justly criticised for poor salesmanship in permitting so much credit loss because of uninsured contingencies. The business now is better equipped to give proper service than ever before, agents are making surveys and studying hazards intelligently and the great remaining task is to carry the message to the public through the credit men.

### Auto Crashes in Cincinnati Snow

CINCINNATI—A freak snowstorm in Cincinnati was largely responsible for 53 automobile accidents in 10 hours, most of them in the morning rush hour, and caused a serious traffic snarl. No serious injuries were reported. Automobile damage was heavy, an unusual accident involving 15 automobiles on a steep grade, at Kemper Lane and Columbia Parkway. As the cars came to a stop on the hill for a traffic light, they skidded and crashed into one another.

The driver of a beer truck stopped it at the top of the hill when he saw the wrecked cars. As he got out, he slammed the door, which sent the vehicle down the hill like a sled, crashing into the cars already at the bottom.

### Vorhis 25-Year Man

C. A. Vorhis, assistant secretary of the Yorkshire group, is celebrating his 25th anniversary with the organization. Entering the business with the Hanover, he joined the Yorkshire as a map clerk in 1916, subsequently becoming an examiner and state agent in New Jersey in 1922. He was called to the office as assistant secretary in 1931. He has supervision over the eastern states and Texas.

### England Heads Twin City Club

MINNEAPOLIS—The Twin City Mutual Insurance Club elected as president, Addison England, Mill Mutuals; vice-president, F. G. McMullen, Hardware Mutual of Minneapolis; secretary, M. J. Dixon, Minnesota Farmers Mutual.

### Aetna Fire Western Parley

President W. Ross McCain of Aetna Fire heads the home office delegation attending the western department roundup of field men of Aetna Fire and Century Indemnity. Others from Hartford include J. M. Waller, vice-president, and Frank G. Bush and George O. Quirk, secretaries. About 100, including examiners in the western department, are attending the sessions. W. N. Achenbach, western manager of Aetna Fire, and Russell E. West, resident manager of Century Indemnity, were in general charge of arrangements.

### NEWS BRIEFS

At a buffet supper Mr. and Mrs. James T. Coen of Olney, Ill., announced the engagement of their daughter, Carolyn Coen, to Robert W. Ross, son of Mr. and Mrs. Howard Ross of Shenandoah, Ia.

James Coen is special agent of Home and past president of the Illinois Fire Underwriters Association.

Miss Coen was graduated from Illinois Wesleyan University in 1938. She was granted a degree of master of music in 1939. At present she is employed in a young symphony orchestra in Chicago. Mr. Ross attended Columbia University there and the University of Arizona. He received a master of music degree. He is head of the instrumental department of Illinois Wesleyan University and conductor of the Illinois Wesleyan symphonic ensemble and concert band.

G. Burgess Fisher, 59, president of the George B. Fisher agency of Hartford, died at his home in that city. He was born in Detroit and headed the George B. Fisher agency which his father had established in 1872. He became president of the agency in 1908. For a time he served as state agent of Crum & Forster in Connecticut and later was general adjuster of that group. He was treasurer of the Hartford Housing Authority.

Mrs. Maude J. Alexander of Highland Park, Ill., is to be married Saturday in Clearwater, Fla., to Henry G. Foote, Chicago stock broker. Mrs. Alexander is the widow of W. A. Alexander, who founded the important Chicago insurance agency bearing his name.

B. C. Howe, well known agent of Storm Lake, Ia., died there.

E. O. Melville, formerly with the Aetna Casualty in Chicago, has joined the staff of the Noble Agency in Wichita. He formerly traveled Kansas for the Aetna.

North American Casualty & Surety Reinsurance has been licensed in Iowa.

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## Jennie Sue Daniel Joins "Eastern Underwriter"

Clarence Axman, editor of the "Eastern Underwriter," announces that Jennie Sue Daniel is joining the editorial staff of that publication.

She is one of the best known women in the country identified with the insurance business. For many years she was editor of the "American Agency Bulletin" of the National Association of Insurance Agents and she also handled other writing assignments at National association headquarters. She attended many of the national conventions and has many friends in the business.

Since leaving the "American Agency Bulletin," Mrs. Daniel has been located in Cincinnati doing insurance publicity and correspondence work. She started in the business as associate editor of the "Insurance Field" in Atlanta.

### R. M. Beatty U. & O. Speaker

Robert M. Beatty, Cook county manager of Western Adjustment, will talk



Jennie Sue Daniel

## W. Va. Agents Take Positive Stand

(CONTINUED FROM PAGE 3)

sociation does not accept as necessary or just the proposed graduated commission schedule, now being considered in connection with so-called large premiums. The percentage of premium retained as commission by the local agent is modest as compared with expense incurred and service rendered. Such expense and service increasing with the size of the premium, there should be no reduction in the rate or percentage of commission applied."

President Summers and Chairman Nuzum announced that frequent meetings of the executive committee would probably be necessary during the next few months. Executive committee members were urged to be in attendance at all meetings called.

on "Determining Use and Occupancy Values and Respective Losses under the Use and Occupancy Contracts" at the Monday meeting of the Cook County Field Club in Chicago.

### Quincy Fire Loss Record

The Quincy, Ill., fire loss during 1940 amounted to \$35,746. The 1939 figure was \$118,479.



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AT MEETING OF AMERICAN ASSOCIATION OF UNIVERSITY TEACHERS OF INSURANCE IN CHICAGO:

Above—Ivan Snyder, Mutual Life of New York, Indianapolis, and F. R. Niehaus, University of Colorado.

Below—Robert Riegel, University of Buffalo, and Ralph H. Blanchard, Columbia University.

## MOTOR

### First Bancredit in Auto Financing

First Bancredit, which during the 10 years since it was organized in St. Paul has confined itself to premium finance and underwriting FHA home modernization, has entered the automobile finance business in Chicago and Cook county, Ill., offering the low rate of \$5 finance charge per \$100 of original unpaid balance. This rate applies not only to new but also to used, cars not over three years old.

#### May Extend Plan Later

First Bancredit will finance new cars up to 24 months and used cars up to 18 months. It is making an especial appeal to agents and brokers, whom it will permit to handle the insurance. Only fire, theft and \$50 deductible collision are required.

The confinement of the plan to Chicago territory represents a field test. It

is likely operation of the plan later will be extended to other territories if the business warrants.

The First Bancredit plan represents one of the lowest rates and most liberal policies in the business, since the \$5 per \$100 charge applies to all or any part of the amount financed and equally to used cars, whereas the general practice of finance companies is to charge a considerably greater rate on the latter classification. Henry Olson, vice-president, who manages the Chicago branch, was instrumental in initiating the new auto finance plan.

### Governor Asks Study of Financing in Massachusetts

BOSTON—The confusion into which the insurance premium financing business in Massachusetts was thrown recently by several court decisions which held the financing companies were in the small loan business and therefore subject to the stringent restrictions of the small loans act which requires licensing and \$25,000 capital, was the subject of consideration by Governor Saltonstall in his inaugural address. He

recommended that the subject be studied with a view to determining just how these transactions may be best supervised and administered.

Since the court decisions a ruling has been secured to the effect that the finance companies will not be considered as coming under the small loans act if they will discontinue the practice of taking notes and discounting them, and restrict themselves to the protection afforded by powers of attorney agreements in a form approved by the supervisor of small loan agencies. These powers give the finance companies the authority to cancel policies in the assured's name and receive the short rate return premium which is considered adequate protection for the finance companies in case of default of installment payments.

### More States Approve New Form

The National Automobile Underwriters Association has announced that the new garage keepers legal liability form and coverages have been approved in Alabama, Arkansas, Illinois, Iowa, New Hampshire, North Carolina, Oregon, Pennsylvania, South Carolina, Washington and West Virginia, as well as the states originally announced. The new form may be used in Indiana, but the new coverages, \$50 deductible collision

liability and riot and civil commotion deductible vandalism liability, have not been approved in that state as yet.

### Anger with Merchants of Denver

DENVER—W. Robert Anger, formerly with the western department of Hartford Fire in Chicago, has been appointed field man in Colorado and Wyoming for Merchants Fire of Denver. Mr. Anger succeeds J. W. Acton, who has been brought into the home office for special duties.

Mr. Anger was connected with the western department of American in Rockford, Ill., until 1937, when he went with Hartford Fire. With that company he had experience in both the underwriting and accounts departments.

Roberts, Fleitas & Co. is the new name of the Roberts, Fleitas & Catherwood agency, Philadelphia. Partners are C. L. Roberts, A. F. Fleitas and Cummins Catherwood.

V. A. Nichols, president Nichols Company, insurance adjusters in Washington, D. C. is bereaved by the death of his mother, Mrs. Anne Belt Nichols, at her home in Washington.

Increase sales with Policy Sales & Survey Analyzer. \$2. Order from National Underwriter.



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**KANSAS CITY Fire and Marine**  
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CHICAGO OFFICE:  
INSURANCE EXCH.  
KANSAS CITY,  
MISSOURI



## CASUALTY NEWS

### Piper Comes Out Flatly for Compulsory Law

BUFFALO—In relinquishing the chairmanship of the New York state insurance committee, Supreme Court Justice R. Foster Piper has come out flatly for enactment by the 1941 legislature of a compulsory automobile liability insurance law.

Justice Piper declared that providing security for the payment of damages for injury or death caused by negligent operation of motor vehicles constitutes a social problem "that must be solved."

Demand for such a law, he asserted, is not organized, as is the opposition to the proposal, but comes from victims of accidents, their relatives and friends, who are unable to collect from the owner of the recklessly-operated vehicle because he has no insurance and insufficient property. The arguments for enactment of a compulsory motor vehicle insurance law outweigh the arguments against it, he held.

Piper argued that the New Hampshire type of financial responsibility law would not solve New York state's problem.

### Much Interest in Used Power Plant Equipment

Companies writing power plant insurance are finding large manufacturing firms interested in used boilers and machinery of all types for the first time in a generation. The current expansion program has crowded the capacity of equipment manufacturers to the point where some pieces of heavy machinery cannot be promised for two years. Consequently, firms which previously bought only the best of new equipment are in the market for second hand objects, either to meet their own expansion needs or to have in reserve against a possible accident.

#### Get Insurance Inspection

Most large assured ask the insurance company to inspect this equipment before deciding whether to buy it. The usual practice of the power plant companies is to make a small charge for these inspections, which charge is waived if the assured buys the object and insures it in that carrier within a reasonable time. In some cases, a dozen inspections in as many states have been made because of a search for one boiler or piece of machinery. The inspections indicate that much of the second hand machinery on the market is usable and safe, but finding an object which will fit an assured's exact needs is often difficult.

This situation will undoubtedly cause a material increase in power plant use and occupancy premiums, but the companies are contemplating this with mixed feelings. Some underwriters feel

that the loss possibilities are even greater than in the fire insurance field.

#### Stassen's Insurance Proposals

ST. PAUL—Protection of laborers' rights under workmen's compensation, improvement of safety provisions for workmen and guarding against sabotage of property were among the recommendations made to the Minnesota legislature in the message of Governor Stassen.

With the convening of the legislature insurance leaders from all parts of the state were summoned to a conference to discuss some of the more important insurance legislation that is on the horizon.

#### Paul Keller to Give Paper

Paul E. Keller, Benefit Association of Railway Employees, will give a paper, "What Constitutes Timely Payment of Premiums," at the meeting of the Chicago Life Insurance Lawyers Club next Tuesday.

Paul G. Annes will tell a claims story and review of current decisions will be given by George F. Killinger.

#### State Farm Michigan Rally

LANSING, MICH.—Agents of the Michigan State Farm Bureau agency of the State Farm insurers of Bloomington, Ill., attended their annual convention here. State Farm Mutual Automobile now has nearly 56,000 policies in force in Michigan.

R. P. Mecherle, president, presented awards to leading producers.

Alfred Bentall, founder of the Michigan agency, although confined to his home in Lansing by illness, spoke to the group through a telephone hookup.

Other speakers included James H. Parsons, head of the conservation department, and Morris Fuller, vice-president State Farm Life.

### Charron State Agent for Eagle Star in New York

A. J. Charron has been appointed state agent in New York outside the New York City metropolitan area for the Eagle Star to succeed W. S. Maguire, who has joined the Globe & Rutgers and American Home in Syracuse. Mr. Charron will maintain headquarters in Syracuse. He started his insurance career at the head office of the Scottish Union in Hartford in 1920. Several years later he went with Travelers Fire as underwriter for New York and New Jersey and subsequently was in charge of the special risk department for New England. After a special course in rating he was sent by the company to Ohio as rating and production engineer. Since 1929 he has been with Dearborn National as special agent in New York state.

Fisher E. Simmons, president of National Service & Appraisal Company and Hill's Reports, died Sunday in New Orleans with pneumonia. He was 41 years of age. Mr. Simmons, a son of E. G.

Simmons, executive vice-president Pan-American Life, was graduated from Tulane University. He was connected for two years with Pan-American, then in 1923 became vice-president of American Service Bureau, of which his father was one of the principal founders. He held this post while the headquarters were maintained in New Orleans. Late in 1936 he and others formed National Service & Appraisals, buying Hill's Reports. He was married. Mr. Simmons for several years was New Orleans junior city golf champion.

### Black Tom Case At Long Last Ended

NEW YORK—With the decision Monday of the United States Supreme Court the long and involved litigation that resulted from the Black Tom explosion in 1916, and the explosion at the Kingsley, N. J., plant of the Canadian

Car & Foundry Company a year later, presumably has come to an end, and a number of fire insurance companies to whom awards were made by the mixed claims committee will receive their money.

What the net return to the companies will prove to be cannot be determined until the fees of attorneys that worked upon a contingent basis and other expenses have been ascertained. The aggregate sum, however, will be well over \$1,500,000. Funds for payment are held by the federal authorities. The interests of the stock fire companies were supervised by a committee of whom C. F. Shallock, U. S. manager of North British & Mercantile, and F. D. Layton, president National Fire, alone continue of the original appointees. C. A. Erickson, general adjuster of Norwich Union, actively represented the committee.

Use automobile quotation blanks to increase premiums. Write Reprint Department, National Underwriter, for samples.



## FORWARD TO NEW FRONTIERS

The Springfield Group moves forward with the years, each year bringing its services to more and more progressive agents, each year marked by accomplishment for the good of the insuring public.

We are prepared to move forward to new frontiers in 1941—new frontiers of service to our agents and satisfaction for our policyholders.

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AGENTS WANTED IN INDIANA

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## Mich. Commissioner Causes Surprise

(CONTINUED FROM PAGE 3)

one of the managers of the 1940 campaign of Homer M. Adkins for governor of Arkansas and Arkansas finance officer of the Democratic national committee, will be appointed commissioner of insurance when the new administration is inducted into office Jan. 14. He will replace M. J. Harrison, who has made an excellent record since his appointment four years ago.

Governor-elect Adkins, who formerly was a fire and casualty agent in Little Rock and was Arkansas collector of the internal revenue when he entered the race for governor, is completing selection of key officers in his administration. A. B. Hill, Union Central Life, Little Rock, who was prominently mentioned for insurance commissioner, has been named to the state utilities commission.

### JENIFER IS IDAHO DIRECTOR

BOISE, IDA.—In a shift of offices Joel Jenifer of Lewiston became the new director of insurance in Idaho to replace William Clark of Emmett, appointed to that position three days previously by Governor Chase Clark. Mr. Jenifer was first appointed as deputy director of insurance. He was formerly a member of the legislature. As director, he succeeds T. M. Walrath.

Mr. Clark stepped down owing to the press of private business, saying that he did not care to make the sacrifice by taking the directorship. He has been a local agent in Emmett for a little over three years. It has been pointed out that because the law requires that the director shall have five years experience in the insurance business, Mr. Clark could not have qualified for the post.

Mr. Jenifer was a member of the 1933 Idaho house of representatives and is associated with the American Finance Company at Lewiston. No deputy director of insurance has been named to fill the vacancy left by Mr. Jenifer's promotion.

### ILLINOIS CHOICE UNCERTAIN

SPRINGFIELD, ILL.—Several persons have been mentioned for appointment as director of insurance for Illinois under Dwight H. Green, governor-elect, who takes office Jan. 13, but the new chief executive has declined to indicate who his appointee will be.

Justus L. Johnson, Aurora, clerk of the second district appellate court in Illinois and nominee for secretary of state in the Nov. 5 election, has told close friends he wishes the post and has conferred with Green on the matter. He expresses the belief he will be named.

Ernest Palmer, director under Governor Horner for almost eight years and ousted by Governor Stelle shortly after Horner's death in October, also is being mentioned for return to the position. A Republican, despite the fact that he served during the Democratic administration, Mr. Palmer has told friends that he is merely "on a vacation." Mr. and Mrs. Palmer are maintaining their residence here.

Alvin S. Keys, Springfield local agent, also is considered a strong possibility. He has been a close friend of the new governor for several years and was active in his behalf in the 1940 primary and election.

### STASSEN SOUNDS OUT LEADERS

ST. PAUL—The possibility that an attorney or someone else outside the insurance business would be the next insurance commissioner of Minnesota loomed this week following a series of conferences between Governor Stassen and insurance leaders. He conferred with 15 or more men influential in the business and while he intimated to them that Newell Johnson of Bemidji was his preference for the job, the governor sounded out the sentiment of his visitors on the advisability of going outside the

business for a commissioner. He questioned them particularly about their opinion on having an attorney for the job.

The governor gave no indication as to when he would make the appointment. Commissioner Yetka's term expires Feb. 1 and Governor Stassen formally notified him the past week that he would not be reappointed. In doing so he complimented Mr. Yetka on the manner in which he has conducted the office the past six years.

## London Assurance Man Views War Conditions

(CONTINUED FROM PAGE 4)

the raiders come. One member of the staff of our associated company in England, Vulcan Boiler & General, has already given his life for the Empire while serving with the Royal Navy. Many of the women on our staff are cooperating both in and outside the office in civilian work, vital to effective defense, such as first aid and home nursing.

"Shortly before I left England the real blitzkrieg burst over London which had till then been immune from attack. The real battle was only beginning and you can read in newspapers the tales of courage and endurance of which I can only speak at second hand. Looking back on the first year of war, I think it is safe to say in the words of our J. B. Priestley that most of us felt that while conditions were deplorable in terms of civilized living, regarded as a battle they were pretty good. And a battle it is. What prouder answer could there be to the question 'What did you do in the war, Daddy?' 'I was a citizen of London.'

"What the immediate future will bring I do not believe any one can safely predict. Certainly American newspaper readers are as well-informed as it is possible to be without divulging information which might be useful to the enemy. Your individual opinions would therefore carry as much weight or authority as any I might express.

### Grateful to America

"All Englishmen and Englishwomen are grateful for the spontaneous and substantial help that has come to them from America. If America is not our declared ally in this great battle to preserve democracy, it cannot be denied that she is the greatest friend of England in the world today, perhaps the only remaining power capable of helping to preserve our way and your way of life in the fight in which so many of the decent communities of Europe have

been overwhelmed and in which, beside ourselves, only the brave Greeks have been able to save their country from the invader.

"In the early days of the war it was considered smart to call it a 'phony war.' We have not heard that type of sophistry in the last few months, and with good reason. Events of the past 20 weeks have convinced the world, I believe, that the British Empire's fight is a real one, fought by real people opposed to a very real menace to civilization. Britons are supported in their confidence in victory by the belief that the stake of Americans in the future of democracy

is as great as theirs and that, when and if the crucial test should come, the United States will not fail to defend that stake with all the resources at their command."

### McCarl Hartford Lecturer

T. D. McCarl, assistant manager of the Interstate Underwriters Board, was guest lecturer at the Hartford College of Insurance, addressing the fire insurance class on "General Covers."

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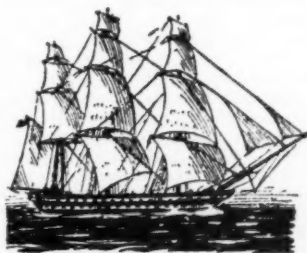
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## EDITORIAL COMMENT

### Worse Than Bombing

"Canadian Insurance," in a recent edition, brought out the dramatic fact that the number of automobile fatalities in the United States in 1940 has exceeded the number of persons killed and wounded in Britain as a result of bombing. The automobile deaths in the United States for 1940 are estimated at 34,500 whereas the total number of killed and wounded, civilians and soldiers in Britain, as a result of bombing is about 33,000.

"These appalling fatalities," that publication remarks in referring to the automobile traffic deaths in the United States and Canada, "have resulted from no ruthless means of warfare, but from the carelessness of thousands whose very actions if attributed to Hitler's and Mus-

solini's soldiers, would be roundly condemned by every decent citizen in democratic countries. . . ."

"Although one action is deliberate and the other unintentional, the results are the same to those who are left to mourn or to suffer from the incapacity of the breadwinner."

Travelers, several years ago, got out a dramatic booklet in the interest of automobile safety entitled "Worse Than War." The comparison at that time was to the record of American casualties in the first world war. Now the comparison is to a new war and the automobile fatality and casualty record again stands out in hideous, although generally unappreciated proportions, against blitzkrieg fatalities.

### Education a Broadening Influence

THAT was a most valuable survey that Prof. R. H. Blanchard of Columbia University made as to what has become of the pupils that took the fire insurance course which was conducted with the cooperation of head or branch offices in the New York area. Selected high school graduates who qualified for entrance to Columbia were granted scholarships whereby the companies paid the tuition expenses and educational material. They were employed on a half time basis during the school year and full time during vacation, receiving compensation for the service. This, of course, was patterned after that of Northwestern University at Chicago, which was abandoned unfortunately, in our opinion, when the depression came and offices were not seeking additional help. Under the arrangement these students agreed to remain with the offices that were sponsoring them for three years after they completed the course.

Originally a similar arrangement was made with Armour Institute in Chicago for a fire protection engineering course. The Armour graduates have become famous in rating and engineering lines. Courses at Columbia and Northwestern were adapted more to office and general insurance work than to technical procedure.

Professor Blanchard sent letters last year to the 54 certificate holders under whose auspices the course was conducted to secure information on their present status. The course started in the fall of 1927. He received 48 replies, some having died. He found that 37 were still in the business, 23 with

the companies with which they originally started. Ten are in other occupations. Seventeen are field men, six in underwriting positions, three are with local agencies, two are state agents, two are production engineers and others have miscellaneous jobs.

The reason for the inauguration of these courses is interesting. A survey was made of the fire insurance offices to discover, if possible, the importance of education in effective work. It was found as a general rule that those having high school education got further along and could accomplish more than those who only had a grammar school training. It was also discovered that those that went on from high school to college advanced more rapidly after two or three years of service. In other words, it was found that men who had a fairly good education went farther and did their work more satisfactorily than others. This was particularly noticed in correspondence. The men with higher education were more versatile, original and resourceful in letter writing.

Therefore, it was concluded that the average educational standard should be raised and the course at Northwestern University was established on the McKinlock campus in Chicago. The results were highly gratifying. Many of these young men are in the field service. Almost all are giving an excellent account of themselves. It seems unfortunate that even if the companies were confronted with a trying problem so far as employment was concerned they could not have continued this very valu-

able course at Northwestern in order that the business might be continuously supplied with young men particularly trained, who had the capacity to grow. Those executives that kept in close touch with these Northwestern students could not but appreciate the advantage they had and the higher quality work that they did.

Sometimes we forget, and it is very deplorable that we do so, to have continuously streaming into company offices trained young men, resourceful. Man-

power is most important and especially of the right mold. We need men who have not only the natural but the acquired gifts, those that have been broadened by education and had their minds enriched by coming in contact with the broader culture that the colleges afford. Unfortunately there is now a hiatus. There has not been fed into insurance offices men of the same caliber that were schooled when the Northwestern course was in progress. The business as a whole has suffered in consequence.

## PERSONAL SIDE OF THE BUSINESS

**Charles F. Thomas**, manager of the Western Underwriters Association, is spending January in his automobile. He is now in California. On his way back to Chicago, he expects to stop at Mineral Wells, Tex., which is a favorite haunt.

**Judd W. Gregory**, Freeport, Ill., assistant western manager of Crum & Forster, is leaving Friday of this week for Miami for his customary winter vacation.

**Denis A. Barry**, the new chief examiner of insurance for Louisiana, headed the drive in this state among business and professional men for reelection of President Roosevelt last fall. He also handled the drive for flood relief among St. Bernard and Plaquemines citizens several months ago. He attended Tulane University. After serving in the war, he was connected with Standard Oil at Tampico, Mexico, and then returned to New Orleans with the firm of J. Y. Fauntleroy for four years. In 1926 he started his own accounting practice. The office of the examiner will be transferred to the Masonic Temple building in which Mr. Barry conducts his accounting business.

**Hugh Coldwell**, Kansas state agent of the Commercial Union group with headquarters in Wichita, has entered Wesley Hospital there following three weeks confinement at his home, although his condition has not changed to any extent.

**John M. Harrison**, resident vice-president of Marsh & McLennan in Minneapolis, was married to Mrs. Robert Gordon of Louisville at Lexington, Ky. They are now at Pass Christian, Miss.

**Sumner Rhoades**, manager of the Eastern Underwriters Association, and Mrs. Rhoades have returned from a Caribbean trip.

**W. R. Townley**, veteran retired insurance executive of Chicago, underwent an operation Monday at Jackson Park Hospital, Chicago. He is reported to have rallied satisfactorily. Until recently he was treasurer of the Underwriters Salvage Co., of Chicago.

**Hendrik Folonie** of the Chicago law firm of McKinney, Folonie & Grear, who does much insurance work, is now able to be at his desk, although he is in a cast. He was hospitalized for many weeks due to a hip ailment.

**Olenius Olson, Sr.**, engineer in the Chicago office of Atwell, Vogel & Sterling, insurance auditors and inspectors, left this week for a month's trip in the south. He will drive to New Orleans

and then to Florida where he will make his vacation headquarters at St. Petersburg.

**Cliff Kealey**, Albuquerque, state agent in New Mexico and Arizona for the Pearl Assurance, was married to Miss Myrtle McDermott.

**C. P. Anderson**, new Congressman from Albuquerque and local agent and general agent of the Occidental Life of California, was honored at a special sendoff party in his home city before he left for Washington.

**R. S. Oellers**, vice-president Meserole companies, is making steady if slow recovery from the operation undergone at the Harkness Hospital, Medical Center, New York, some two weeks ago. He had been suffering from an abdominal ailment for several months, and an operation was finally determined upon. It will be some weeks yet before he will be able to return to work. Mr. Oellers has rounded out 25 years with the Meserole group. Previously he had been associated with Great American. In his present connection he has supervision of the middle western and Pacific Coast business and is well known and highly regarded in the business.

**Clarence A. Ludlum**, retired vice-president of Home, who is an extensive traveler, will leave in a few days for Ft. Lauderdale, Fla., and then on Feb. 24 he expects to go on a cruise to points on the east coast of South America, returning April 7.

**E. G. Frazier**, vice-president of Springfield F. & M. in the western department, has returned to his desk after having spent part of his vacation at Miami Beach and part at his home.

## DEATHS

**George W. Marsh**, 88, who as state auditor 25 years ago was head of the Nebraska insurance bureau, died in Lincoln. Before his retirement from active business, he operated a local agency in Lincoln. He served four terms as state auditor and two terms as secretary of state.

**Nelson Reid**, 66, independent adjuster in Detroit, died there. He was born in Columbus, O., and received his early training under T. B. Sellers of the Ohio Inspection Bureau. Later he traveled West Virginia for the Continental. Still later he was manager of the General Adjustment Bureau at Pittsburgh. He

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went to Michigan with the North America and after retirement from field service he entered independent loss work. He had a very wide acquaintance throughout the central west.

**C. J. Craig**, 45, of the Craig-Ebbert Agency, Little Rock, Ark., died there from a heart attack. He was renominated recently for a fifth term as alderman.

**T. N. Lapointe**, 67, local agent for 30 years in Franklin and Manchester, N. H., died following a long illness. He was chief ranger of the Catholic Order of Foresters in New Hampshire for 19 years.

**Frank B. Ellms**, 67, for many years state agent of the State of Pennsylvania in Massachusetts and later special agent of the Rhode Island and Merchants of Providence, died suddenly at his home in Newton, Mass. He was formerly with the agencies of Field & Cowles and M. L. Cate and became an independent adjuster in 1932.

**David M. Christian**, 41, manager of the Travelers Fire in San Francisco for many years, died from a heart attack. He had been active in Blue Goose affairs, occupying important offices and serving as deputy most loyal grand gander. In respect to his memory San Francisco Blue Goose abandoned the usual Monday luncheon and a large delegation from the pond attended the funeral.

**George L. Price**, 74, Nashville local agent, died there. Mr. and Mrs. Price observed their golden wedding anniversary last November.

**Neilson Edwards**, 54, president of Reinsurance Corporation of New York and National Reinsurance, died in Harkness Pavilion, N. Y., where he had been a patient for several weeks. He was born in Philadelphia and was educated in the University of Pennsylvania. He was connected with the Chase Securities Corporation prior to the war and returned to that company after having served in the army. He was elected vice-president and served until 1933. In 1936 he sought the Republican nomination for Congress, but was defeated. Until last June he was vice-president of the Vick Chemical Company of New York. He had been treasurer of Johnson & Johnson of New Brunswick, N. J., and he was an officer or director of about 20 other concerns. His home was in Rumson, N. J., and he was once mayor of that city.

Mr. Edwards was one of the organizers of Reinsurance Corporation of New York in 1936, and he was elected president. A financier rather than an underwriter, Mr. Edwards, however, soon acquired a grasp of the fundamentals of insurance. He attended gatherings of the Western Underwriters Association and Southeastern Underwriters Association, and visited a number of offices in the east, becoming acquainted with many company executives.

**J. D. McDonald**, local agent in Indianapolis for nearly 40 years, died there after a brief illness. R. S. Howe is looking after Mr. McDonald's business and probably will take over the agency permanently.

**Miss Minerva M. Ricketts**, secretary to A. B. Bielaski, assistant manager of the National Board in charge of its arson department, died at the French Hospital, New York, following an operation. Funeral services were held at Maysville, Ky., her birthplace. Miss Ricketts had been connected with the National Board since 1929, prior to which for several years she had been Mr. Bielaski's secretary when he conducted an independent law practice.

**J. A. Wolfe**, veteran Seattle agent, died there.

**W. P. Allen**, formerly with the Chattanooga, Tenn., agency of Martin A. Hayes Co., is dead.

**H. S. Sawyer**, 64, formerly manager of the G. A. Carter & Co. agency of Saco, Me., died there.

**C. S. Israel**, 74, early settler in Wichita and local agent for some years, although not active in late years, died there.

**Mrs. Hannah Hatlestad**, 80, mother of L. E. Hatlestad of the David C. Bell

## W. G. Rich Calls for Time Element in U. & O. Form

SAN FRANCISCO—The time has come for underwriters to give consideration to the adoption of the use and occupancy form based upon the time element, in the opinion of W. G. Rich, assistant Pacific Coast manager of Royal-Liverpool.

"Other than the specified time form used in Pacific Coast states, this important factor, which is paramount in the underwriting of use and occupancy, is either ignored or dealt with most unsatisfactorily through an attempt to estimate the time replacement period by a charge in the rating schedule," Mr. Rich asserted. "As a matter of fact, when an insured buys use and occupancy he buys value of time. If in his estimation he could lose a full year's time through the destruction of his premises he ought to carry 100 percent insurance based upon 12 month's 'time value.' If on the other hand, a liberal estimate shows that he could not lose a full year's earnings he ought to have the privilege of insuring for a smaller amount, subject, of course, to a graduated scale of rates based upon the shorter periods of indemnity. In other words, the insured is his own doctor. No one knows the conditions of his trade better than he does and it is rather inconsistent that the insurance company should relieve him of the burden of making that decision."

### Must Estimate Market Fluctuations

"An insured is faced with almost exactly the same problem in estimating the value of his stock in trade and machinery and equipment, for the very conditions which will in all probability cause a long shut-down following a fire (namely, the war conditions) will probably increase the replacement value over and beyond what it cost him in the first place. Unless he is foresighted and increases the amount of insurance carried in accordance with the market fluctuations he will be short on coinsurance, and under provisional forms he will be under-insured under the full reporting clause."

### Outstanding Losses at Year End High in West

Loss superintendents in the west report that the number of outstanding losses at the end of the year were just about twice as numerous as at the end of 1939. This is due almost entirely to the Armistice Day storm. Many loss reports were not received until weeks after the storm. Moreover repairs were slow in being made after proof of loss had been taken due to the congestion of work among contractors.

Although the number of losses outstanding is very much greater than a year ago, the increase in amount outstanding is not so sharp. Another event that causes an increase in outstanding losses is the fire that occurred in the Technological buildings under construction at Northwestern University in Evanston, Ill. This loss is still estimated at \$500,000 but it has not yet been settled.

### Ohio Farmers Observe Holidays

At the Ohio Farmers annual holiday party President C. D. McVay, Clyde Jones, treasurer; J. C. Hiestand, secretary; Geo. S. Valentine, assistant secretary and J. A. Weber, director, spoke.

Each home office employee received a bonus check.

Investment Co., Minneapolis, died there. Mr. Hatlestad is a member of the executive committee of the Minnesota Association of Insurance Agents.

**Leo C. Kugel**, 55, Sandusky, O., local agent, died there.

**A. J. Peavey**, 66, of the Peavey-Taber Company, Twin Falls, Ida., died there.



## It's Inventory Time Again!

The beginning of a new year finds the farsighted Agent both reviewing the past and planning the future.

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# The NATIONAL UNDERWRITER

January 9, 1941

## CASUALTY AND SURETY SECTION

Page Seventeen

### Contract Bond Problems Are Now Under Spotlight

#### Weigh Favorable and Adverse Considerations in Relation to Defense Work

NEW YORK—Though 1940 was a favorable year a number of authorities in the surety and fidelity field see several important reasons why 1941 may well be the beginning of an upward swing in loss ratios. First, of course, is the fact that these ratios have been so abnormally favorable in the last few years that almost any change would have to be for the worse.

The defense program is the big factor which will have widespread effects both directly and indirectly. Most of these possible effects are on the unfavorable side, but their extent can only be guessed at, for it depends on future developments which may take entirely unpredictable courses.

The question that looms large in the minds of surety bond underwriters is what will happen when thousands of manufacturers find themselves enmeshed in the perplexities of turning out products for which their plants were not designed and in a volume far beyond their previous capacity, either in material or financial. For example, past experience gives a pretty good idea of what may be expected when a printing press manufacturer manufactures printing presses. But what the same manufacturer can do when making gun mounts is something else again.

#### Alternative Sources Lacking

Another complicating factor for underwriters of contract bonds is that not only is the manufacturer making a product with which he is not fully familiar but that alternative sources of supplies are not readily available because other productive facilities are tied up in war work.

An important factor but difficult to estimate in the contract bond field is the level to which labor costs may go. Material costs can be pretty well fixed by advance commitments but without some sort of ceiling there is no telling what may happen to wages. During the last war there were actual cases where a ditch digger would buy a silk shirt for \$30 on Saturday night, wear it all the next week, throw it away and buy another one at the end of the week.

#### Higher Taxes Affect Picture

The prospect of higher taxes, particularly along the lines advocated by the federal reserve board, which would tax more heavily for defense expenditures rather than doing so much borrowing, might have a definite effect on a contractor's ability to carry out his obligation, particularly in the case of contracts taking a year or more for completion.

(CONTINUED ON PAGE 20)

### Comprehensives Again Held Back

#### Jan. 20 Is Now Unofficial Date for Release of Contracts

The new comprehensive liability and automobile liability policies that were scheduled to be released Monday of this week throughout the country, are still being kept under lock and key. It is now indicated that Jan. 20 may be the date for the release. Preparation of these forms has been jointly engineered by the National Bureau of Casualty & Surety Underwriters and the American Mutual Alliance. It is understood that the executive committee of the National Bureau desired to have the release date deferred at this time.

This has been a monumental task. Not only was it necessary to satisfy a large number of companies and individuals representing many attitudes and opinions, but it was necessary to take into account the laws and situations in the various states.

The impending forms are being greeted with mixed feelings by company executives. Some feel that they provide a great opportunity, whereas others fear that many complications and misunderstandings will arise in getting the story across to agents and assured. Practically all observers believe that introduction of these forms will prove a revolutionary step in the casualty business. When they are brought out, they are likely to constitute the principal subject of talks at insurance meetings and conferences throughout the country for many months.

### Sales Congress to Feature A. & H. Mid-Year Meeting

INDIANAPOLIS — The big sales congress in connection with the mid-winter meeting of the National Accident & Health Association at the Claypool Hotel here, Jan. 29 will afford plenty of "meat."

The congress will open with an "Accident and Health True or False Quiz," participated in by all delegates who arrive at the assembly hall before 2 p.m. to receive questionnaires which will be passed out at the door. This feature will be in charge of George Dyer, Jr., Columbian National Life, St. Louis, and will serve to remind those present of how much, or how little, they really know about accident and health insurance.

Immediately following the quiz program, John McGurk, Mutual Benefit Health & Accident, Indianapolis, presiding officer of the sales congress and general chairman of the mid-winter meeting, will introduce a visual demonstration of the sales congress theme, "Accident and Health Is Primary Insurance."

A blackboard panel discussion on "Approaches to Fit Conditions" will be led by A. D. Anderson, division manager Occidental Life, Chicago. His panel experts will include Don E. Comp-

### BMI Buys Copyright Suit Cover

#### ASCAP's Foe Gets Policy with Limit of \$1,000,000 from Three Insurers

NEW YORK—Broadcast Music, Inc., the organization through which the radio chains are conducting their fight with the American Society of Composers, Authors & Publishers, has purchased \$1,000,000 worth of copyright infringement insurance to protect itself and advertisers, advertising agencies, performers or member broadcasting stations against the numerous copyright infringement actions which ASCAP has already begun to bring. The insurance applies to suits growing out of the use of material supplied by BMI or listed in its catalogues.

Coverage was supplied by Indemnity of North America \$500,000; Seaboard Surety \$250,000, and London Lloyds \$250,000. Several months ago efforts were made to obtain similar insurance from other carriers. The latter, however, turned it down.

Since ASCAP has already started bringing copyright violation suits as its major weapon in its war with the radio networks, it is believed that the main purpose of the coverage is to provide advertising agencies, performers and radio stations with assurance that they will be protected against having to defend these suits. A very probable form of ASCAP strategy would be to sue not merely BMI but all other organizations having any connection with the allegedly offending programs, in the hope of scaring these secondary defendants into refusing to cooperate with BMI. It will be recalled that last week two New York hotels took their orchestras off the air, losing valuable advertising, rather than agree to hold the broadcasting chain harmless in the event their orchestras violated ASCAP copyrights. This may have been aimed at keeping the insurance premium down by limiting the coverage.

While numerous suits by ASCAP are expected it is believed that these are largely for strategic purposes and will result in no claims under the policy since it is virtually certain that the ASCAP-BMI fight will be settled long before any of these suits could come to final judgment.

ton, Provident Life & Accident; Charles H. Davis, Pacific Mutual Life, and Jay De Young, Continental Casualty, all of Chicago.

In an address on "The Presentation and Close," W. R. Dignan, W. E. Lord Company, Cincinnati, will demonstrate how to warm up the prospect and get his name on the "dotted line" without using an incendiary bomb. The closing feature will be presented by Dr. J. L. Rosenstein, sales psychologist, Indianapolis, who has been conducting sales experiments and surveys in the accident and health business the past year. Delegates will then be free to discuss any and all phases of the afternoon's program under the direction of C. A. Sholl, Globe Casualty, Columbus, secretary of the National association.

### To Act on Standard Reinsurance Form at N. Y. Meeting

#### Surety Association to Consider Revised Agreement Complying with New Law

NEW YORK—Formal adoption of a new standard form of reinsurance agreement is upon the agenda for the annual meeting of the Surety Association of America Friday. The New York insurance law recently was amended and the agreement form attempts to comply with it by providing that reinsurance accepted by a surety or casualty company will be payable by the reinsuring company on the basis of liability assumed by the latter rather than upon the loss actually sustained. This new reinsurance agreement supersedes an old form in use since 1930, and is regarded by surety officials as a decided improvement.

Among the changes is the inclusion of both surety and casualty risks in one agreement rather than in separate instruments. Specific provision also is made for compliance with any law giving the beneficiary of a bond not only a right against the reinsured company, but also a direct claim against the reinsuring office.

Copies of the new reinsurance agreement were furnished companies of the Surety Association Dec. 31. An offer and acceptance form for convenience in signing fidelity and surety agreements and a similar form for use in burglary and casualty reinsurance were attached to the promulgation.

Among other provisions of the reinsurance agreement is a cancellation clause and specific recommendations for the management of claims in event of insolvency. The form was developed by a committee on revision, of which E. C. Lunt, vice-president Great Indemnity, is chairman. The product of several years' work, it is believed by company officials to represent a flexible and complete document sufficient to cover all possible contingencies that might arise in connection with reinsurance.

(CONTINUED ON PAGE 20)

Sponsored jointly by the Indianapolis chamber of commerce and the Indianapolis Accident & Health Club, the "Hoosier hospitality banquet" will be held that evening. Presiding will be Don G. Trone, Indiana Travelers Assurance, immediate past president of the Indianapolis Club. The Stephen Foster Quartet, four outstanding Negro voices, will entertain with southern ballads and Negro spirituals. Distinguished guests will be introduced by J. M. Drake, president Empire Life & Accident, and a skit, "Accident and Health in Action," will be dramatized by Indianapolis Civic Theater players under the direction of C. Norman Green, Hoosier Casualty. Principal speaker of the evening will be H. F. Schricker, new Indiana governor.

## Duboc Traces Shift to West of Casualty Premiums

KANSAS CITY—A westward shift in casualty and surety premium volume has taken place in the past 10 years, observes Ray B. Duboc, president of Western Casualty & Surety.

"In 1929, 87 stock casualty companies east of the Alleghenies wrote \$685,000,000 in premiums," he pointed out. "Between the Alleghenies and the Mississippi 35 companies wrote \$70,000,000, and west of the Mississippi 33 companies wrote \$40,000,000."

"In 1939, 85 companies east of the Alleghenies, a loss of two, wrote \$562,000,000, a loss of 18 percent. Between the Alleghenies and the Mississippi 41 companies, a gain of six, wrote \$108,000,000, a 55 percent increase. There now are 43 companies west of the Mississippi, a gain of 10, with premiums of \$90,000,000, an increase of 115 percent."

### Reasons for Shift

There are several reasons for this shift, Mr. Duboc believes, but one fundamental factor is that in the past 10 years western companies have been maturing. In addition to there being fewer new companies in the east, western companies have expanded in both territory and number of lines offered. It has been comparatively easy for them to show a growth in volume. On the other hand it has been fairly difficult for the large eastern companies because they already were territorially expanded about as widely as possible.

"Another factor is that eastern companies have adhered more rigidly to established customs and practices," Duboc added, "whereas the smaller and younger western companies have been more aggressive in adopting a number of forms which since have become universally used. Naturally it is harder for a large company with a vast number of agents to make changes than it is for smaller companies."

"The shift in premium volume has been true in practically all casualty and surety lines, although automobile was the first in which the midwestern carriers made a strong showing. Most of the western companies since have branched out into other lines: accident and health, compensation, surety, etc. The east recognized the rapid shift of automobile volume to western companies and took steps to stem the tide of that trend. One effect of these steps was to increase the competition of western carriers for other lines."

Mr. Duboc looks for 1940 figures to reflect an increased shift in casualty and surety premiums other than automobile toward middle western and western companies.

### Inter-Ocean General Agents Meet

CINCINNATI—General agents of the Inter-Ocean Casualty will meet here Jan. 9-10 for a series of talks and round table discussions. W. G. Alpaugh, vice-president and secretary, is chairman of the meetings. On Thursday morning, J. W. Scherr, president, will make a welcoming address, followed by B. W. Bay, auditor; G. W. Tolin, manager claim department; J. E. Sheridan, managing underwriter, and Dr. W. E. Brown, medical director. In the afternoon, A. F. Taylor, Toledo, discusses "Today's Opportunities" and L. L. Williams, Detroit, speaks on "Success With Monthly Premiums." Both talks are followed by open discussion, which will also be the case Friday following the addresses of J. B. Lipscomb, Jackson, Miss., "Commercial Agency Building;" F. W. Sarles, Greensboro, "Full Coverage Policies vs. Limited Forms;" C. F. Harroll, Dayton, "Business Selling Fundamentals;" J. W. Scherr, Jr., assistant secretary, "Direct Mail Advertising;" and H. K. Reid, Birmingham, "In Conclusion." A dinner will be given Thursday evening.

## Suretyship Lesson Touches High Mark

In lesson 22 of the Casualty & Surety Sales Training Course on surety bonds, the editor, Donald M. Wood, Jr., reaches a high mark. Lesson 22 is one of the clearest expositions of suretyship ever offered.

Mr. Wood is not merely an attractive writer. He has the valuable faculty of choosing exactly the words that will best convey to the untrained reader a correct understanding of what he wishes



D. M. WOOD, JR.

to explain. This faculty and his pleasing style have already been remarked upon by those who have seen the previous lessons in the course. It is especially striking in the lesson on surety bonds, because suretyship is so often regarded as a difficult subject.

### Chosen for Training

The casualty and surety correspondence course was originated in 1927. The first editor was F. P. Stanley and the course was rewritten by C. R. Hebble, who later became first editor of the Fire, Casualty & Surety Bulletins. After Mr. Hebble's death the course became out of date because of the numerous changes in the casualty and surety field. In casting about for an editor capable of maintaining the Hebble standard THE NATIONAL UNDERWRITER, publisher of the course, selected Donald M. Wood, Jr., because of his background and thorough training. It is a matter of good fortune that he has such desirable qualities as a writer. He has been at work on the revision of the Casualty & Surety Sales Training Course for two years. The first lessons were available to students in May, 1940, and those already published have won high praise from students and from those interested in promoting insurance education. There will be 27 lessons in all, and the remaining lessons will be ready by the time the enrolled students are ready for them.

### Description of Suretyship

For brevity and clarity the marking out of the surety bond field in the opening section of lesson 22 can hardly be surpassed. It is as follows:

"It will do no harm to review once again the salient features of suretyship. A clear understanding of them will make the topics in this lesson a great deal easier to follow."

"First, suretyship is a guarantee under an express or implied contract. There must be some contractual obligation on the part of the principal before there can be suretyship."

"Second, there are always three parties to a contract of suretyship: The principal who has agreed to perform some act for the obligee and the surety which guarantees to the obligee that the

## Travelers Premiums at New High Mark

HARTFORD—Preliminary figures show that the premium income and total income of the Travelers group in 1940 were the largest in history.

Total income of Travelers, Travelers Indemnity, Travelers Fire and Charter Oak Fire was more than \$249,459,000, a gain of more than \$10,829,000 over the previous year.

Total paid premium income of more than \$203,114,000 was divided:

Life insurance, \$116,005,000; accident and health, \$19,650,000; liability, \$9,219,000; automobile casualty, \$21,180,000; workmen's compensation, \$18,228,000; burglary, \$2,037,000; boiler and machinery, \$1,377,000; plate glass, \$625,000; fidelity and surety \$281,000; automobile fire, \$4,056,000; inland marine, \$1,298,000 and general fire, \$9,155,000.

Gains were made in life, accident and health, liability, automobile casualty, automobile fire, general fire, inland marine and boiler and machinery lines.

Premiums paid in 1940 compared with 1939 (000 omitted) are given herewith:

	1940	1939	Pct. Inc.
Life .....	\$116,005	\$112,850	2.8
Accident & Health .....	19,650	17,044	15.29
Liability .....	9,219	8,656	6.5
Auto casualty .....	21,180	20,746	2.09
Compensation .....	18,228	19,398	*6.03
Burglary .....	2,037	2,172	*6.21
Boiler & Mach. ....	1,377	1,219	12.96
Plate glass .....	625	650	*3.85
Total casualty (excl. A. & H.) ..	\$ 52,666	\$ 52,841	*0.33
Auto fire .....	4,056	3,344	31.29
Inland marine ....	1,298	1,138	14.06
Fire .....	9,155	8,889	2.99
Total fire lines ..	\$ 14,509	\$ 13,371	8.51
Total all lines ..	\$203,144	\$196,111	3.57

\*Decrease.

### Broadens California Operations

The Connecticut Indemnity will now write general liability, burglary, plate glass and compensation in California in addition to automobile lines. H. F. Kjaerbye, formerly automobile claims manager, will be manager of the new casualty department under E. V. Oliver, Pacific Coast manager of the Security group of which the Connecticut Indemnity is a member. Mr. Kjaerbye will be located in San Francisco and will be assisted by R. N. Wilson as chief casualty underwriter.

I. B. McMonagle, formerly with the group at San Francisco, has been transferred to Los Angeles in charge of casualty operations under Harold McKnight, manager of the group's southern California department.

### N. J. Bar Conference Planned

The insurance section of the New Jersey State Bar Association will hold a conference in Newark Jan. 10, at 2 p. m. The speakers will be Frank J. Roan, vice-president Commercial Casualty, on "The Insurance Adjusters—Relation to Trial Counsel in Insurance Litigation," and W. H. D. Cox on "The Insurance Trial Counsel." L. P. Kristeller will preside and S. M. Hollander will report as secretary.

### Offer Advanced Casualty Course

MINNEAPOLIS—An advanced casualty course will be offered in the evening courses at the University of Minnesota beginning Feb. 10. L. C. McGee, Minnesota manager Aetna Casualty & Surety, will be in charge.

principal will fulfill his obligation.

"Third, corporate suretyship is granted on the payment of a premium which is, in effect, a fee for services. The surety expects no loss."

The tuition for the Casualty & Surety Sales Training Course is \$16 for the 27 lessons. This includes the marking of the quiz papers of the students. Many enroll for both the Casualty & Surety course and for the Property Course, at the same price, or \$30 for the two.

## Olmsted Buys Control of Illinois Casualty

Control of Illinois Casualty of Springfield has been purchased by George Olmsted of Des Moines. The stock was acquired personally by Mr. Olmsted and a group of associated investors. Mr. Olmsted is vice-president and a controlling factor in Hawkeye Casualty of Des Moines, but Hawkeye Casualty does not become interested in Illinois Casualty. The latter company will continue to be operated from Springfield as an independent unit.

Mr. Olmsted and his group have purchased the stock of J. L. Pickering who has been president of Illinois Casualty, and P. W. Pickering, his son, who has been secretary-treasurer. That amounted to 80 percent. Mr. Olmsted also has offered to buy any other stock of Illinois Casualty at \$47 a share, the offer to remain open for 20 days. The Pickering family is retiring from their association with Illinois Casualty. P. D. Inhofe, director of Hawkeye Casualty and one who has been associated with Mr. Olmsted, will move to Springfield as an active operating officer, representing the new owners.

### Record of Illinois Casualty

Illinois Casualty, which is a full cover automobile writer, as of Dec. 31, 1939, had assets \$641,331, premium reserve \$179,803, claim reserves \$127,232, capital \$200,000 and net surplus \$105,037. Premiums earned were \$397,180, losses incurred \$215,353, expenses incurred \$166,745.

Illinois Casualty was organized in 1925 under the title Illinois Motor Casualty. The present title was adopted in 1929. The company traces its origin to 1916, when it was formed as a reciprocal. The Pickering family have been connected with the organization ever since that time. It has been operating in Illinois, Indiana, Iowa and Missouri.

John L. Pickering, who is 80 years old, is retiring after more than 60 years of activity as a newspaperman, politician, insurance agent, insurance executive and civic leader.

J. L. Pickering will retire from business and his son will enter another business after taking a vacation.

"We are not selling because of any accrued or pending obligations against the company or either of us," J. L. Pickering stated. "The assets transferred are over \$110,000 in balance in banks, \$120,000 in government bonds, and no security is in default of principal or interest. We are getting a fair price for every stockholder and selling to a purchaser who will maintain the high standards of the company."

Mr. Pickering said the company improved its condition steadily during the depression with assets rising from \$533,588 on Dec. 31, 1933, to \$720,798 on Nov. 30, 1940. Surplus on Nov. 30 was given as \$131,965 with net premiums in 1940, \$487,645.

The new owners propose to retain all of the present department heads and employees of Illinois Casualty.

About 85 percent of Illinois Casualty's 1940 business was from Illinois and the remaining 15 percent in Iowa. Since the company withdrew from Missouri several years ago it has enjoyed a favorable operating record.

Hawkeye Casualty is operating in Michigan and 12 states west of the Mississippi.

New officers of the Illinois Casualty will be elected. Jan. 20.

### Capital Increased to \$350,000

Capital of Pennsylvania Casualty has been increased from \$300,000 to \$350,000. This was accomplished by selling 2,500 of the \$10 par value shares at \$20 per share. That increased the capital to \$325,000 and \$25,000 was also contributed to surplus. Then a stock dividend of \$25,000 was declared. Authorized capital has been increased to \$500,000.



## Surety's Preference in R. R. Appeal Bonds Established

*This is the fourth and final installment of the paper by M. Barratt Walker on the subject of railroad appeal bonds. Mr. Walker is a director and was formerly a vice-president of U. S. F. & G.*

There is no reason or purpose to argue in this place the equity and justice or the sound business policy of the surety amendment and quite unnecessary to do so; the fact is sometimes overlooked, however, that the amendment in the long run is not against the railroads but works in their favor. If with the many railroad receiverships in recent years the surety had not been definitely preferred, the railroads would have been obliged to put up collateral for their appeal bonds, and this would have meant the tying up for long periods of substantial sums—in a moderate sized railroad of from a quarter to a half million dollars. The necessity for posting collateral was officially reported by two railroads in reorganization after failure of certain receivers to pay affirmed judgments early in the present depression.

Section 77 subsection (N) was further amended Aug. 11, 1939, by incorporating after the words "In proceedings under this section" the words "and in equity receiverships of railroad corporations now or hereafter pending in any court of the United States."

### Wabash and Mobile & Ohio

This amendment brought within its provisions the then pending equity receiverships, notably those of the Wabash in the eighth circuit and Mobile & Ohio in the sixth, in both of which there were outstanding claims by unsecured corporate sureties, and in both of which receivers were refusing to pay such claims.

Before the enactment of this amendment and before the decision in the Williams case in March, 1938, the U. S. circuit court of appeals of the seventh circuit in the Rock Island reorganization proceedings considered and upheld the validity of Section 77 (S), as amended Aug. 27, 1935, to be 77 (N), in a brilliant opinion by District Judge Lindley—a masterpiece of judicial clarity—in which is set forth the present-day conception with respect to injury claims and claims of sureties without security. Chicago, Rock Island & Pacific Ry. Co. v. Wise, 90 Fed. (2nd) 312, certiorari denied.

### Quotes Opinion at Some Length

With the reader's indulgence this opinion will be quoted from at some length:

"This appeal questions the validity of an order entered in the course of proceedings for reorganization of the Chicago, Rock Island & Pacific Railway Company under Section 77 of the Bankruptcy Act, as amended."

### Supersedes Bonds

Wise, not connected with the railroad, recovered a judgment against the railroad corporation for injury to his person, and Taylor recovered a judgment against the railroad corporation for damage to his property—land overflowed—caused by the building of an embankment by the railroad. Superseas bonds were filed with corporate sureties without security, and both judgments were affirmed and not paid. Said claimants filed petitions "relying upon the bonds," seeking preference and payment under Sec. 77 (N). The trustees of the railroad admitted the facts and prayed instructions of the court as to propriety of preference of payment. The trustee under a trust deed securing bonds filed an answer, as did the bondholders protective committee. The district court denied the petitions. Why the claimants did not proceed against

the corporate sureties on the superseas bonds and in that way promptly collect their judgments, as was done in connection with other reorganization proceedings and equity receivership, the record does not disclose.

May the writer digress to call attention to a provision in subsection (L) of Sec. 77, which provides that in addition to the provisions of another section of the act for the staying of pending suits against the debtor, such suits shall be further stayed until after final decree, and the judge may, upon notice and for cause shown, enjoin or stay the commencement or continuance of any judicial proceeding to enforce any lien upon the estate until after final decree. While, so far as the records show, this provision has been resorted to but once, namely when the supreme court of Missouri stayed the prosecution of litigation against the Missouri Pacific Railroad, then in reorganization, it has long been the opinion of the writer that the framers of Section 77 intended by this subsection to provide for the literal

stopping of all litigation against the railroad and its sureties, "until final decree."

Obviously it would be of no benefit to the railroad corporation or its bondholders or other creditors nor facilitate the reorganization of the railroad in any way to permit a judgment creditor to collect from the surety and thus simply transfer the judgment to the latter. If, as we shall hereafter endeavor to show, a claimant for personal injuries (other than an employee) like Wise in this case is not entitled to preference and payment, unless his judgment is superseded by a surety who then becomes entitled to preference, the failure to stay litigation against the surety could result not only in the claimant, who is not entitled to preference, collecting his claim but collecting it out of turn, conceivably to the detriment of other preferred creditors and ahead of general creditors.

But to return to the case under discussion. The court continues:

"Appellants contend that to classify their claims as operating expenses, under the existing facts is not unreasonable or arbitrary and that the court should have granted the relief prayed. Appellees insist that to extend preference to obligees in superseas bonds as provided by the acts is to deprive

the mortgagee of property without due process of law, in contravention of the fifth amendment, and that to allow the relief would at all events create retroactive violation of the mortgagee's rights . . ."

### Implied Conditions

After holding that the bankruptcy power is subject to the fifth amendment and that the mortgagee's vested rights may not be impaired by Congress, the court proceeds:

"But it has long been established that mortgages upon railroad properties are subject to certain implied conditions. Every railroad mortgagee, in accepting its security, impliedly agrees that all current debts, accruing in the ordinary course of the operation of its business, shall be paid from the current income before he has claim thereon. Fosdick v. Schall, 99 U. S. 235. The net earnings, while a railroad is in possession of the court and operated by it, are not exclusively the property of the mortgagee, but are subject to the payment of claims which have superior equities, as such shall be found to exist. Hale v. Frost, 99 U. S. 389. In other words, the court in operating a railroad must do what the company would have been bound to do if it had remained in pos-

(CONTINUED ON PAGE 25)

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## Surety Problems Under Spotlight

(CONTINUED FROM PAGE 17)

Adding to the likelihood of less favorable loss experience is the fact that as part of their patriotic duty the surety underwriters have kept rates on these contracts to the minimum consistent with safety and have taken many contract bonds which if submitted to them under normal circumstances they would probably decline. One underwriter said that probably 50 percent of the bonds applied for under government contracts would ordinarily not qualify.

### Government Attitude Cooperative

On the favorable side of the government contract situation is the fact that government officials have shown an extremely cooperative attitude. They have eased needlessly onerous contract provisions and have in many cases worked out schedules of payments to assist the contractor in every possible way. The officials have shown an attitude which leads bond underwriters to assume that in cases of minor defaults the government would be reasonable and do what was needful to speed production rather than insisting on its pound of flesh.

At the same time the very liberality of the government in providing financing through five-year loans for construction of plant facilities has the effect of decreasing the financial security of the contractors. A contractor expanding his plant to four or five times its previous capacity still has only the same risk capital as a cushion. Hence there is a greater hazard for the surety than where the latter could rely on a capital structure in line with the plant capacity. Overexpansion is always the prime cause of defaults on contractors' bonds and plants expanding to meet war defense production demands are very much overextended on the basis of normal standards.

### Total Loss Hazard Higher

Tending to increase the hazard of a total loss in the event of a default is the government's present practice of letting out a huge volume of contracts to a single contractor. For example a single shipbuilder may get a contract for 20 ships whereas formerly this amount of building would have been spread around among a number of contractors. However, the government requires only the same bond on the 20-ship contract as on a smaller number so that the surety's hazard is much greater in proportion to the premium. Yet even if sureties wished to insist on full coverage there would not be sufficient capacity to meet what would be needed under some of the larger contracts.

In spite of all these factors, surety underwriters are taking an optimistic view in the light of the government's cooperative attitude and the fact that the urgency of the situation should result in a constructive solution to problems as they come up rather than an arbitrary demand for meeting every obligation down to the last technicality.

### Fidelity Losses Due for Rise

As far as fidelity losses are concerned it is usually found that in times of economic and social unrest there is bred a callousness of conscience which, coupled with increases in cost of living, puts unusual temptation on employees who are in a position to embezzle. These individuals see living costs going up and wages of labor rising even out of proportion to living costs in many cases. Faced with having to reduce their standard of living and confess an inability to keep up with the Joneses, those who are a prey to temptation are more likely to yield to it than they would if conditions were normal.

In the 1920s the stock market was the great mecca of those seeking to make a quick turnover and profit on funds borrowed from their employers. Nowadays, however, the stock market is much too

slow and the horse races get most of the embezzlers' money. Never before has so large a proportion of embezzled funds gone to the race tracks.

Incidentally, this inactivity in Wall Street is regarded as a reason why experience on brokers blanket bonds will be much worse this year. A number of financial houses have closed, will close or are clearing their business through other houses. One prominent financial firm recently let one-third of its employees go. Even where it is possible for these firms to remain in operation the salaries are necessarily low and the stress caused by the rise in living costs is sure to be felt even more keenly than in the average run of businesses.

### Federation to Meet July 28-30

Bretton Woods, N. H., July 28-30, are the place and dates selected for the annual meeting of the International Federation of Travelers Insurance Organizations at a meeting of the executive committee in Chicago this week. Convention headquarters will be Hotel Mt. Washington. R. A. Cavanaugh, secretary Illinois Commercial Men's, federation president, and John Whittemore, secretary-treasurer, who is secretary-treasurer Eastern Commercial Men's, attended. Currie C. Chase, Iowa State Traveling Men's, is vice-president.

### NEWS BRIEFS

Jack Wheaton, Des Moines, has been appointed Iowa special agent by New Amsterdam Casualty with headquarters in his home city. He was formerly in the Iowa field for Massachusetts Bonding.

H. H. Minnick, Kansas manager of the Central Surety, held a New Year "open house" at his new headquarters in Wichita attended by a large number of agents and company men.

Harry A. Berk, Inc., of New York, has been named to direct the advertising of Excess, the casualty reinsurer.

Neal Bassett, U. S. manager Accident & Casualty of Switzerland, appeared in the role of humanitarian New Year's Day. His chauffeur drove him to his office at 111 John street, New York City, to get some papers that he desired to use on the holiday. As he came out of the building he heard a cry from a postal box on the corner used for the deposit of packages. On investigation, he and the chauffeur discovered a cat was imprisoned, some one throwing it in the box as part of a New Year's eve celebration. Mr. Bassett's indignation and pity were immediately aroused. Had he been able to find the miscreant he would have hurled him in East river. He sought the Society for Prevention of Cruelty to Animals and drove to the postoffice to get action for the feline's release from captivity.

S. A. Bishop, cashier of the Indianapolis branch of Travelers, has been granted leave of absence for military duty. L. S. Westgate, assistant cashier, has been put in charge of the department.

R. W. Young has been appointed assistant manager of the liability and casualty department in the Los Angeles office of Johnson & Higgins.

Dr. J. H. Blauvelt, medical director of the Fidelity & Casualty, marked his 25th year with the company Monday and was presented an engraved wrist watch by Dr. S. J. Nilson, medical director of the America Fore group. Dr. Blauvelt graduated from Cornell University medical college, served his internship at the Westchester County Hospital and for five years was with the Matteawan State Hospital at Beacon, N. Y. He joined the Fidelity & Casualty in 1916, being appointed medical director two years later. He was medical supervisor of compensation claims country-wide; handles medical underwriting on accident and health insurance and exercises medical supervision of accident and health claims. He is co-director of the Laboratory of Industrial Hygiene and Toxicology.

## To Act on Standard Reinsurance Form

(CONTINUED FROM PAGE 17)

The language has been simplified from earlier forms.

In the history of suretyship, the new agreement is the third of its kind. The first was adopted by the Surety Association in 1915. In 1927, however, it was felt that a revision was necessary, and a sub-committee on revision was appointed. The results of three years' work by the committee were embodied in the agreement promulgated Jan. 15, 1930. This has been in operation until the present time. Meanwhile the question of further revision was broached in 1933 and referred to the original sub-committee on revision, which with certain changes in personnel, drafted the 1941 form.

### Philadelphians Elect Roberts

PHILADELPHIA—F. A. Roberts, Glens Falls Indemnity, has been elected president of the Casualty Underwriters Association of Philadelphia. L. E. Shalberg, Ocean Accident, is first vice-president; W. W. Moorehead, United States Casualty, second vice-president; J. H.

## East Approves Chicago Cost Rules

NEW YORK—E. J. Schofield, chairman of the Casualty and Surety Acquisition Cost Conferences, announced that at a joint meeting of his two committees in New York Tuesday, it was voted to adopt as written the rules proposed by the Cook County Acquisition Cost Council.

The substance of the rules was published in the National Underwriter of Dec. 26.

The annual meeting of the Chicago Acquisition Cost Council will be held in Chicago, Jan. 14. At that time the new governing committee will be elected.

The effective date and other dates specified in the regulations will be established by Mr. Schofield after consulting with the governing committee of the Cook County Council and the special committee of the National conferences.

George E. Turner, manager of the Cook County Council, was on from Chicago for the meeting.

Doherty, Fireman's Fund Indemnity, secretary-treasurer.



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## CHANGES IN CASUALTY FIELD

### Maryland Casualty Chicago Move

Maryland Casualty has now just about perfected arrangements to move its Chicago branch in charge of John P. Keever to the Continental Illinois National Bank & Trust Company building. A 10-year lease is being signed for 10,500 square feet of space on the 16th floor of that building. The premises will be extensively remodeled and Maryland Casualty expects to move into its new quarters about May 1. The space that has been contracted for represents an increase of about 30 percent over the space now occupied on the 10th floor at 175 West Jackson boulevard.

E. J. Bond, Jr., president of Maryland Casualty, was in Chicago last Friday and Saturday concluding the arrangements with officials of the bank.

Maryland Casualty has had an office at 175 West Jackson since that building was opened in 1912. Until 1920 this was a service office, but in that year the branch was organized. It is one of the top offices in the city.

### Adams Newark Office Manager

NEWARK—Victor D. Adams has been appointed office manager of the Newark branch of the American Indemnity. He has been in insurance work many years, starting with the North British & Mercantile in the accounting department, later with the Fidelity & Casualty as auditor, with the Great American Indemnity as examiner of accounts and payroll auditor, and more recently with the Newark branch office of the Globe Indemnity as underwriter in the compensation and casualty department.

### Owens Joins Mass. Bonding

J. R. Owens has been appointed field representative in Iowa for the Massachusetts Bonding. He will handle all lines, with headquarters in Des Moines.

He had been with Fidelity & Deposit as special agent for 12 years, being placed in charge of its Des Moines office when it was established three years ago. Previously he was with Southern Surety and Aetna Casualty, starting with that company in 1921. He is a past president of the Des Moines Casualty & Surety Club.

### Johnson Made Assistant Manager

Charles K. Johnson, field assistant casualty lines of the Detroit branch office of Travelers, has been promoted to assistant manager. He joined Travelers in 1926 and is a graduate of the home office training school. Previously he has served as field assistant in Boston and Kansas City, having been transferred to Detroit in 1931.

Arthur G. Fox of New Haven has been appointed new field assistant. Previous to his association with Travelers, he had been four years in the investment business, followed by three years in the bonding business.

### Knowlton Made Oregon Special

The Hartford Accident has appointed Norman Knowlton special agent in Oregon. He formerly was payroll auditor in Oregon and Washington. He has spent several weeks at Pacific department headquarters in San Francisco for special training.

### Gage to Boston Office

BOSTON—D. N. Gage, son of D. N. Gage, late vice-president Aetna Casualty, has been appointed assistant fidelity and surety manager of the Aetna's Boston office. Mr. Gage is a native of East Orange, N. J., where he was born in 1909 and graduated from Dartmouth College in 1932. He did special agency

work in Connecticut and for the past three years has been in the Bridgeport office as superintendent of the bond department. Mr. Gage, Sr., started in the bond business in Boston.

### F. L. Smith Joins Ohio Casualty

F. L. Smith has been named manager of the new compensation and liability department of the Ohio Casualty's eastern department in Philadelphia. Mr. Smith has spent his entire business career in Philadelphia, starting with the Travelers in 1926 and later joined the Alliance Casualty. For the past three years he has been with the General Accident.

The eastern department of Ohio Casualty was opened Monday in Philadelphia with W. Stanley Kite, vice-president in charge, who welcomed a number of visitors at a buffet supper there.

### Nietschmann, Jr., to Peoria

B. J. Nietschmann, Jr., who is now field assistant in the surety department of the Chicago branch of Travelers Indemnity, has been promoted to assistant manager of the Peoria, Ill., office. The original effective date of this transfer, Feb. 1, may have to be extended because Mr. Nietschmann recently suffered a broken ankle. His father is Chicago manager of National Surety.

### Cline Succeeds Hairston

John R. Cline has been appointed to succeed T. B. Hairston as special agent of the Hartford Steam Boiler in Denver. Mr. Hairston has been transferred to Lubbock, Tex., as service representative in a new regional office there.

### Braddock Rejoins Jones & Sons

KANSAS CITY—R. A. Braddock, formerly with R. B. Jones & Sons as manager of the automobile and liability department, will rejoin the agency Feb. 1 as assistant to C. Reid Cloon and manager of underwriting. He has been manager of the Kansas City branch of the Bituminous Casualty since 1938. From 1936 to 1938 he was with the Crist agency here.

Mr. Braddock succeeds T. A. Reese, with the agency two years, who goes with the Ohio Casualty.

### Buckeye Indianapolis Branch

The Buckeye Union Casualty and Buckeye Union Fire are opening a state branch office in Indianapolis at 526 Peoples Bank building. L. J. Pierce, branch manager, who has been making his headquarters in Lafayette since the company entered the state about a year ago, will be in charge and W. F. Woodward is special agent. Mr. Woodward was sent to the Indiana field from the home office about six months ago.

### Field Retires in Hartford

Edward B. Field has retired after more than 35 years with Travelers, of which 30 years were spent as manager of the Hartford branch. He joined the company in 1904, spent two years as manager at Toledo, another two at Minneapolis and then went to Hartford. When he first took charge of the latter office, the volume of casualty business was small, but he has built it up to rank among the company's leading casualty offices.

### R. V. Raymond of Albany Resigns

R. V. Raymond has resigned as manager of the central New York service office of Standard Surety & Casualty at Albany. He has held the position since 1930.

### Anchor Casualty in Missouri

Anchor Casualty of St. Paul has entered Missouri and has appointed the Parsons-Hohle agency of Kansas City to handle its business in that state.

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## WORKMEN'S COMPENSATION

### More Liberal Michigan Law Is Urged by Governor

LANSING, MICH.—Further liberalization of compensation laws was urged by Governor VanWagoner in his message to the new legislature. "There is need to extend the scope of the act to take in all classes of injuries and increasing both the weekly and increasing loss benefits," he said. "Administration of the act leaves a great deal to be desired and steps should be taken to correct existing evils." He recommended that the scope of the 1937 occupational disease law be extended.

J. H. Shepherd, who has resigned as chairman of the labor and industry department which administers the compensation act, had already recommended liberalization of the law, particularly favoring life benefits for total disablement and broadening of the schedule occupational disease law which provides benefits for only a specific list of ailments.

#### Plans to Introduce Bill

Representative J. J. Poleski, Detroit Democrat, announced he plans to offer a liberalizing compensation bill to provide similar standards to those in effect in New York, Ohio and Wisconsin. Mr. Poleski, who was deputy labor commissioner from 1933 to 1935, favors raising the maximum compensation level from \$18 to \$25 weekly. He would remove the present 500-week payment limitation and extend free medical atten-

tion from 90 days to a year, and open the occupational disease law to all ailments traceable to occupation.

#### NEW COMMISSIONERS NAMED

LANSING, MICH.—Subject to confirmation by the state senate, all of the five commissioners of the department of labor and industry, which administers the workmen's compensation law, will be replaced immediately.

New chairman of the department, named by Governor Van Wagoner, is John Gibson, Detroit, succeeding J. H. Shepherd, who resigned to become an assistant attorney-general. Other new commissioners will be: D. M. Martin, Flint insurance agent and former state senator; H. E. Bledsoe, J. M. Rubin and F. G. Palliaer, all of Detroit.

#### To Liberalize Tennessee Law

NASHVILLE—First draft of a bill to liberalize Tennessee compensation law, which has not been changed since 1919, is being introduced in the legislature. S. E. Bryant, state commissioner of labor, who met with a special legislative commission appointed to redraft the law, states that the new law contains broader clauses on occupational diseases and increases hospitalization benefits. Governor Cooper is backing the measure.

Governor Saltonstall of Massachusetts in his inaugural message recommended that the workmen's compensation law be liberalized with respect to allowance for burials.

## ACCIDENT AND HEALTH

### West Coast Life to Write Accident

SAN FRANCISCO—Launching of a new accident insurance department by the West Coast Life has been announced by H. J. Stewart, vice-president in charge of agencies. Accident and health insurance will be written independently as well as in conjunction with life policies.

"This step forward," Mr. Stewart explained, is in keeping with our progressive policy to offer every practical form of protection for personal income. Its purpose is to broaden the field of operations for West Coast Life agents."

For several years the West Coast has written group accident and health insurance and hospitalization insurance. It will now issue individual hospitalization policies for employed and family groups.

**Battleson in Charge**  
The new department will be managed by S. S. Battleson, formerly in charge of the policyholders' service division. He has been with the West Coast Life for 17 years.

Managers will be informed of the plans at a meeting being held in the home office Jan. 10-11 at which Mr. Stewart will preside.

### Group Casualty Covers Assume Large Proportions

Hospitalization insurance written by life companies has shown a tremendous gain in the last year and it would not be surprising if the total new and renewal premium volume for group hospitalization, group accidental death and dismemberment and group disability exceeded half the corresponding figure for group life alone. This is partly accounted for by the relatively higher premiums paid on group benefits outside the strictly life category. But it indicates the importance which these coverages, considered incidental a few years ago, have assumed. The average

premium for group casualty covers exceeds the life premium where dependents benefits are included in hospitalization which is usually the case. These casualty coverages have been a great help to life companies' group departments, as big cases in the life field are becoming rarer as more of them are brought into the fold, although there is still a big market for group life.

### Federal Life Appoints New Texas State Manager

J. P. Robinson of Dallas has been appointed Texas state manager by Federal Life of Chicago for life, accident, health and hospital insurance. The Dallas office has been moved to the Wilson building.

Mr. Robinson has an outstanding record as a successful agency builder. For 16 years he has been Texas manager of West Coast Life. Federal Life has been represented in Texas for many years with offices at Dallas, Houston, San An-

#### CLAIM EXAMINER WANTED

By independent adjuster. Must have Home Office experience with all types of claims and ability to dictate reports and correspondence. Give full personal history and details of experience and salary requirements. Midwestern location. Address M-61, The National Underwriter, 175 W. Jackson Blvd., Chicago, Ill.

#### WANTED—TWO MEN

Claims Superintendent and Adjuster By Chicago branch office of multiple line stock casualty company. Adjuster needed for Chicago territory. Claims superintendent for midwestern states. Both men must be around 35. In reply give complete information as to experience, qualifications, etc. Address M-60, The National Underwriter, 175 W. Jackson Blvd., Chicago, Ill.

#### CASUALTY SPECIAL AGENT AVAILABLE

Special agent for casualty and surety lines desires connection with stock casualty company in New England, New York or New Jersey. Have had N. E. territory previously for bureau casualty company. Fully experienced in developing new territory and in increasing business in old agencies. Address M-59, The National Underwriter, 175 W. Jackson Blvd., Chicago, Ill.

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tonio and several smaller cities. It now plans to extend to that state an agency building and development plan which has been tried with success in Illinois and other states.

C. L. McNulty, who has been Dallas manager for several years, has resigned but will continue with the company, the new arrangement permitting him to devote all of his time to personal production.

### Hampton in Continental Casualty Home Office Post

James Hampton, who has been superintendent of the disability department of Continental Casualty in San Francisco, has been promoted to superintendent of agents at the home office in Chicago. He is succeeded in San Francisco by Charles T. R. Adams, who has been supervisor of the disability division in the central states at Chicago. Mr. Hampton succeeds J. M. Smith, who was recently made vice-president in charge of all accident and health lines.

Mr. Hampton, a native of Kansas City, went with Continental Casualty in 1929 in New York. From 1937 to the end of 1939 he was eastern supervisor of the disability division. Then in January, 1940, he was transferred to San Francisco to establish the Pacific Coast disability division.

Mr. Adams was graduated from the University of Chicago law school and entered the business in 1937 with Continental Casualty at the head office.

### Holloway Dayton A. & H. Chief

DAYTON, O.—Frank C. Holloway, general agent Berkshire Life and Sun Indemnity, was elected president of the Dayton Accident and Health Association at its annual meeting.

J. L. Goetz, Travelers, and E. R. Noe, Business Men's Assurance, were elected vice-presidents; Emerson Davis, Mutual Benefit Health & Accident, the retiring president, becomes secretary-treasurer, and C. F. Harroll, Inter-Ocean Casualty, chairman of the executive committee.

Mr. Holloway also is president of the Dayton Life Insurance Managers Association.

### Claim Men Pick Atlantic City

The International Claim Association will hold its 1941 convention Sept. 8-10 at the Hotel Ambassador, Atlantic City, Willard E. Hein, State Mutual Life, chairman of the executive committee, announced.

### Bentley to National Travelers

DES MOINES—Grover Bentley has been appointed general agent of the National Travelers Casualty of Des Moines. He will work out of the home office, establishing new agencies outside of Polk county, in addition to personal production. For 15 years he has been a leading personal producer of accident and health insurance.

### Benoy Columbus Speaker

Wilbur E. Benoy, well known Columbus, O., insurance attorney, who is a member of the Columbus Accident & Health Association, addressed that association on Monday on "Accident & Health Insurance from the Insurance Attorney's Viewpoint."

### Set H. & A. Conference Meet Dates

The Health & Accident Underwriters Conference will hold its annual meeting June 3-5 at the Edgewater Beach Hotel, Chicago.

The golf tournament will be held June 2 and the annual banquet Wednesday evening, June 4.

### Plan Special A. & H. Meetings

The management section of the Health & Accident Underwriters Conference will hold a special meeting for managers and company men only on Jan. 28 in Indianapolis, for which a program of special interest has been arranged, preceding the annual meeting of

the National Accident & Health Association. Francis L. Merritt, Monarch Life, is chairman. The session will start at 10 a. m. and will be followed by a meeting of the general committee in charge of Accident & Insurance Health Week at 4 p. m.

The Surety Insurance Company of Lincoln, assessment health and accident company, incorporated by Ira E. Atkinson and associates, has been licensed in Nebraska.

The Combined Mutual Casualty of Chicago has been licensed to write accident and health business in Colorado.

## ASSOCIATIONS

### Ohio Association Holds Its Annual Dinner in Columbus

COLUMBUS—The Ohio Association of Casualty & Surety Managers held its annual dinner meeting here Monday night, with about 75, from various cities of the state, in attendance. W. C. Smith, Hartford Accident, president of the association, presided. Speakers included Superintendent Lloyd, L. U. Jeffries, warden of the Ohio department, and Francis P. O'Connor, new assistant superintendent of insurance, who made his first official appearance before an insurance group.

Superintendent Lloyd commended the insurance organizations of the state and showed how they facilitate the transaction of business between the department and the insurance interests. President Smith pointed out that the Ohio Association of Casualty & Surety Managers is the only organization of its kind in the United States. There are other groups of casualty and surety managers, he said, but no other that is state-wide in its scope. He reported also that the Ohio association now has 100 percent membership of every bureau company operating in Ohio that has an office or a representative in the state.

### Reviews Compulsory Auto Plan

PITTSBURGH—F. A. McKennett, supervisor of claims for the Zurich in Pittsburgh, spoke on possible legislation relating to compulsory automobile insurance at the January meeting of the Casualty Insurance Association of Pittsburgh.

Pointing out that financial responsibility laws, such as the one in Pennsylvania, have been very successful, he cited opposition to compulsory automobile insurance from groups other than insurance. Emphasizing that he was not trying to make a case against compulsory insurance, he said compulsory automobile insurance has not proved a "cure all" for evils which proponents seek to eliminate.

### Joint Stag in Des Moines

DES MOINES—The Iowa Blue Goose and the Des Moines Casualty & Surety Club will join in holding a stag party Jan. 10, the first meeting of its kind held by the two organizations.

Coach James Yeager of Iowa State College will present motion pictures taken of the Iowa State-Nebraska football game. There will be several vaudeville acts.

## SURETY

### Million Dollar Bond in Neb.

LINCOLN, NEB.—Ten bonding companies supplied the \$1,000,000 bond required of the incoming state treasurer, Lucius B. Johnson, in the amounts stated: United States Fidelity & Guaranty, Massachusetts Bonding and Continental Casualty, \$150,000 each; Standard Accident, Indemnity of North America, Fidelity & Deposit and Fidelity & Casualty, \$100,000 each; American Surety,

Maryland Casualty and Great American Indemnity, \$50,000 each. Thomas Zacek of Omaha, deputy treasurer, gave a \$50,000 bond provided by United States Fidelity & Guaranty.

### N. J. Surety Association Elects

NEWARK—At the annual meeting of the Surety Underwriters Association of New Jersey, R. W. Hawkins, New Amsterdam Casualty, was elected president. H. E. Vernoy, Commercial Casualty, vice-president; Samuel Williams, Aetna Casualty, secretary-treasurer. Trustees are J. N. Conway, Hartford Accident; C. W. Quick, Aetna Casualty; C. J. Collins, Standard Accident; H. B. Hodge, National Surety, and H. N. Hutchinson, American Surety.

### Has Defense Bond Department

KANSAS CITY—The Thomas McGee & Sons agency here has set up a special department to handle bid and performance bonds in the national defense program. The department, made necessary because of the increased demand for such bonds, has been placed in charge of Frank Tallman, who has been handling bonds in the agency.

The Milwaukee Surety Underwriters Association held a cocktail party and dinner dance with their wives as guests. W. H. Phipps, Fidelity & Deposit, was chairman.

### Legislative Outlook in Ohio

Homer Trantham, executive secretary of the Insurance Federation of Ohio, has sent out a bulletin on the prospect for insurance legislation in that state during the session which commenced Monday.

He states that the uniform traffic bill that was worked out by the special senate highway committee, will apparently have the support of practically all groups. Among other things the bill will provide for compulsory reporting of automobile accidents. The expectation is that the usual bills to provide for compulsory automobile liability insurance and to amend the driver's license and financial responsibility laws will be introduced.

The Ohio State Bar Association is sponsoring a bill to amend the probate code. One proposed change would relieve a fiduciary from liability for antecede-

dent debts owed by the fiduciary to the estate. Another would relieve a fiduciary from liability arising solely from the granting of joint control of trust assets to the surety on his official bond and a third would provide for filing and payment of contingent claims. These changes had previously been espoused by the surety interests.

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## Surety's Preference in R. R. Bonds

(CONTINUED FROM PAGE 19)

session,—pay out of what it receives from earnings all debts which, in equity and good conscience, considering the character of the business, are chargeable against such earnings. Debts accruing in earning the income must be paid therefrom before any part thereof may be applied to the use of the mortgagee, for the business is public in character, involving the necessary transportation of persons and property, and it is essential that there be no embarrassment to the operation by any unnecessary interference with those who carry it on. *Burnham v. Bowen*, 111 U. S. 776. The uninterrupted continuation of the business and preservation of its operating and earning functions being inherently essential to the protection and preservation of the security of the mortgagee, it follows that the court must provide for the payment of pre-existing debts of certain classes out of the earnings and even the corpus of the property of a railroad in receivership. *Miltenberger v. Logansport*, 106 U. S. 286.

### Claims for Car Springs

"Thus the Supreme Court has approved the prepayment of claims for car springs furnished three years before the appointment of receiver; for coal used in the company's locomotives 11 months prior to such appointment; for wages to employees of the road accruing within six months immediately preceding the appointment; for damages arising on an injunction bond given by the railroad company to restrain a judgment creditor from obtaining by execution or garnishment payment of the judgment from the current income. *Union Trust Co. v. Illinois Midland Company*, 117 U. S. 434; *Union Trust Co. v. Morrison*, 125 U. S. 591; *Kneeland v. American Loan Company*, 136 U. S. 89. In each of these instances the court concluded that considering the nature of a railroad, the character of its business, the necessity of preservation and uninterrupted enjoyment of its property, and the resulting implied assent of mortgagees to recognition of propriety of priorities to preserve these essentials, equity demanded that such expenses should be paid as operating expenses even though incurred prior to attachment of the jurisdiction of the court.

"The time within which such current claims must have accrued in order to constitute current expenses and be paid out of current income before the same shall be applicable to the mortgage depends upon the facts and circumstances of each particular case; but for many years, the courts have quite generally recognized that in most instances a reasonable time within which they must have accrued is six months, that such a period ordinarily is reasonable for a diligent creditor, and that usually a longer period is unnecessary. *Blair v. St. Louis Ry. Co.*, 22 Fed. 471. This doctrine was approved in *Southern Ry. Co. v. Carnegie Steel Co.*, 176 U. S. 259; *Union Trust Co. v. Morrison*, 125 U. S. 591. In *Lackawanna etc. Co. v. Farmers Loan etc. Co.*, 176 U. S. 298, the court points out that the proper limit upon pre-existing current debts that may be properly charged against current receipts is to be controlled by the special facts. It is obvious from *St. Louis and S. F. R. R. v. Spiller*, 274 U. S. 304, that by long established practice the six months' limitation has become largely commercially accepted, but that there are cases in which it has not been accepted, though they are few in number and exceptional in character. Consequently, it is well established that the lien of the mortgage upon a railroad is subject to the implied condition that accrued debts incurred in earning current income shall be paid from the income of the railroad company before the lien of the mortgage attaches, and this implied condition becomes a part of every mortgage or trust deed upon

railroad property upon which those who have current demands may rely.

"But it is insisted that to classify claims such as those of appellants as operating expenses is arbitrary and unreasonable. . . Congress made no provision for the allowance of priority of current expenses in equity cases, but the Supreme Court found that equity itself demands such classification. Congress by subsection (N) has now said that, in the interest of orderly administration and efficient, uninterrupted operation, claims upon supersedeas bonds payable by sureties existing at the time of passage of the act shall be treated as operating expenses. Obviously Congress, under its paramount jurisdiction in bankruptcy, may establish reasonable standards of provability and measure of allowance in order to work out equitable distribution of assets. . . Human care and judgment have never been able to eliminate accidents and consequent hurts to persons and property in such a hazardous business as that of operating a railroad. Injuries to the public through negligence are unfortunately far from infrequent. . . In the very nature of things these risks and events attach to, emanate from, and grow out of the process of earning income. They partake of the nature of operating expenses, and therefore, may be classified by Congress as such expenses, payment of which from the income before payment of the mortgagee is only equitable.

"It is no answer to assert that the approval of these claims will result in wholesale allowance of unsecured claims with priority over the mortgagee's rights. Such effect does not necessarily follow and does not now confront us. The question of unreasonable and arbitrary classification is one arising upon the specific facts before us, which disclose that the debts to appellants originally were incurred in the earning of the income upon which the mortgagee claims a lien. Having been incurred in the process of earning the income, they partake of the nature of operating expenses and are not unreasonably classified as such. . ."

Then came the case of *American Surety v. Wabash* in November, 1939, 107 Fed. (2nd) 685, in which the corporate surety without security paid an affirmed judgment against it and filed in the equity receivership of the Wabash a petition for preference and payment. The district court allowed the claim as a common creditor but denied preference and payment. Reversed on appeal and ordered to be preferred and paid under subsection (N) as amended Aug. 11, 1939, the court citing the *Williams* case.

### Carpenter vs. Wabash

Then came the case of *Carpenter v. Wabash*, in January, 1940, 60 Sup. Ct. Reporter 416, petition for rehearing denied, 103 Fed. (2nd) 996, which also grew out of the Wabash equity receivership. There was a judgment for personal injuries to an employee of the railroad. The district court denied preference and payment, and was affirmed by the circuit court of appeals in the eighth circuit. On certiorari by the Supreme Court, the judgment was vacated and the cause remanded with directions to allow petitioner's claim.

Mr. Chief Justice Hughes delivered the unanimous opinion of the court and said that in view of the importance of the question certiorari was granted, and held that Sec. 77 (N) as amended Aug. 11, 1939, making said section applicable to pending equity receiverships, was constitutional. This amendment was passed after the petition for certiorari had been filed, and the case was reversed because of it. The court said:

"For the present purpose, we may assume, without deciding, that the determination of the court below was correct upon the record before it and in the

light of the law as it then stood. . . We are of the opinion that the amended statute is applicable to this proceeding. . . We have no doubt that Congress has constitutional power to impose this requirement. . . The statute is explicit and mandatory and the district court has no discretion to act contrary to its terms. The statute says that the described claims 'shall be preferred and paid out of the assets of such railroad corporation as operating expenses of such railroad.' Petitioner's claim is within the class described and should be preferred and paid accordingly." Citing *Wise, Williams, Siratt, and American Surety* cases.

While the situation was thus developing, there remained three proceedings in which the corporate surety was not being paid:

No. 1. *St. Louis & San Francisco* reorganization proceeding in which the surety's claim had been strenuously contested from the beginning. Promptly after the enactment of Sec. 77 (N), Aug. 27, 1935, the surety had filed a petition asking the court to give effect thereto. This was likewise opposed. Finally, after the *Wise* and *Williams* cases had been decided but before the *Carpenter* case had been decided by the Supreme Court, District Judge Moore Nov. 10, 1939, handed down perhaps the most comprehensive decision to be found in any of the cases. He ruled:

### Entitled to Preference

1. That the corporate surety, without security, was entitled to preference and reimbursement for certain judgments paid by it (most of which were for personal injuries to others than employees, and some of which had been paid before and some after the amendment of Aug. 27, 1935), with interest at 6 percent from the date of payment.

2. That the surety was entitled to be protected from certain pending cases.

3. That aforesaid judgments were operating expenses, which should have been paid by the trustees.

4. That the said surety is entitled to preference and reimbursement under Sec. 77 (N).

5. That as a matter of equity said surety is entitled to preference and reimbursement, and because it is in the interest of the estate being administered, and in the interest of all railroad companies, that said claims be paid as necessity payments.

6. That the surety is entitled to preference, as an amount of over a million dollars was received by receivers on Nov. 1, 1932, and over five millions of operating revenues since then has also been used for improvements for the benefit of bondholders and many years' intervened before any filing of a bill to foreclose.

### State Statute Governs

The surety was found entitled to preference for certain claims under a state statute.

It will be noted the surety was held entitled to preference, as a matter of equity, and not because of special equities, and this, we submit, is the broadest decision of all. The ruling was not appealed from and was promptly complied with.

No. 2. *Wabash* equity receivership in which one surety recovered its claims in *American Surety v. Wabash*, supra, and another was later paid; and

No. 3. *Mobile & Ohio* equity receivership, in which legal proceedings had been in progress for several years, and which had once reached the court of appeals on questions of procedure. *Ill. Cent. R. R. Co. v. U. S. F. & G. Co.*, 87 Fed. (2nd) 121. After the ruling in the *St. Louis & San Francisco* case above and after the decision in the *Carpenter* case, the surety received the full reimbursement of its claims with interest on Oct. 1, 1940. So that it is believed that all sureties on judicial bonds for railroads have been paid.

And so, at long last, after about 75 years of controversy, conflict, and confusion, and after an eight years' battle in Congress, before the Interstate Com-

merce Commission, and in the federal courts, the right of the insecure surety on an appeal or other similar judicial bond for a railroad corporation to be preferred over the rights of bondholders, and paid as operating expenses of the railroad, irrespective of the nature of the original claim or the consideration for which the bond was given, has been clearly and finally established.

## PERSONALS

**P. J. Loranger**, Chicago manager of American Bonding, is guarding his strength these days, inasmuch as he suffered a rather severe attack about two or three weeks ago. He is now able to be at the office an hour or two each day, but he is on a strict regimen.

Because he qualified by filling a sales quota of ten casualty lines, **Kenneth L. Vernon**, who joined the Aetna Casualty staff last May and attended the home office training school, was presented a gold charm at the annual breakfast of the Aetna Club in San Francisco. **George A. Schurr**, agency assistant, made the presentation.

**W. R. Gates**, for many years with the Milwaukee office of Fidelity & Casualty, has been appointed a member of the harbor commission by Mayor Zeidler of Milwaukee.

**Guy H. Barney**, branch office supervisor in the home office of Travelers, celebrated his 25th anniversary with the company. A native of Otego, N. Y., Mr. Barney first started in the banking business. While working for the General Electric in Schenectady he went to the Travelers training school for cashiers in 1916. During his service, he has been cashier in Springfield, Mass., Reading, Syracuse and Montreal. Since 1920 he has been at the home office.

## DEATHS

**R. C. Carson**, 70, former casualty company official, died at the home of a daughter in Freehold, N. J. He was born near Dumfries, Scotland, Aug. 22, 1870, and came to the United States in 1892. He worked on a Birmingham newspaper for several years, then became associated with Bradstreet's before its combination with Dun's, being branch manager at Baltimore and Louisville. Then he was secretary and later vice-president of National Surety until 1925, and then bond department manager of Republic Casualty at the home office, before it was reinsured in 1928. He had been retired for the last several years. A son, **R. C. Carson, Jr.**, Chicago, is head of the Rockwood Company life department there.

**Jerome A. Wolfe** of Seattle, 62, special representative of the Sunset Casualty, died there after a short illness.

**R. C. Maginity**, 68, founder of the R. C. Maginity & Sons agency, St. Louis, died there. He went to St. Louis about 40 years ago and was an outstanding salesman of accident and health insurance. He served as St. Louis city manager of the old Southern Surety for about 20 years. His son, **Fred E. Maginity**, who was associated with him, has been a leader among the insurance brokers of St. Louis and has represented them on the executive committee of the St. Louis Board. The elder Maginity retired about 10 years ago.

**Mrs. Marion Fay Lyles Corson**, wife of **W. R. C. Corson**, president of Hartford Steam Boiler, died at the Hartford hospital following an operation. She was born in Brooklyn in 1871 and was married to Mr. Corson in 1891. There are two daughters, **Mrs. John M. Ellis** of Bethlehem, Pa., and **Mrs. John R. Cook** of Hartford, four grandchildren and one great grandchild. Mrs. Corson was a director for many years in the Children's Village of the Hartford Orphan Asylum.

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# INSURANCE NEWS BY SECTIONS

## MIDDLE WESTERN STATES

### Martin Executive Secretary in Ohio

COLUMBUS—Virgil G. Martin, assistant superintendent of insurance of Ohio, has been elected executive secretary of the Ohio Association of Insurance Agents and will take over his du-



VIRGIL G. MARTIN

ties immediately. He has resigned his department post and will give full time to the work of the agents' association.

Election of a new secretary was made necessary by the resignation of Miss Robley E. Willis, assistant secretary, who has been the executive officer of the association since John A. Lloyd resigned as secretary to become superintendent of insurance. She has done a remarkably successful job for the association and there is genuine regret among agents in all parts of Ohio at her leaving the organization.

Mr. Martin has been in the Ohio department since Feb. 1, 1939, when Superintendent Lloyd appointed him chief of the license section. On the death last fall of Raymond Rhoads, he was promoted to Mr. Rhoads' position as assistant superintendent.

Mr. Martin's home is in Xenia, O., although he has lived in Columbus since he joined the department staff. Prior to that he was executive secretary of a state-wide organization in the petroleum industry. He has had wide experience in organization matters. He is a world war veteran and prominent in American Legion affairs.

In turning the management of the association over to Mr. Martin, Miss Willis announced that its membership is an all-time peak of 1,200 and the organization is in splendid condition. Outside the resignation of Miss Willis and the selection of Mr. Martin, no other changes in executive staff are now contemplated. Paul R. Gingham, Columbus attorney, remains as general counsel, and C. B. Plummer as field representative.

### Fire Prevention School Is Planned for St. Paul

ST. PAUL—A four day school for watchmen and engineers will open here Jan. 20 under the auspices of the state fire marshal and the St. Paul and South St. Paul fire departments. L. C. Lund, deputy insurance commissioner and fire marshal, has announced the program:

"Fire Department Cooperation in Connection with Arson" will be dis-

cussed by Arthur Spottswood, chief Minneapolis Fire Prevention Bureau; "Sabotage," W. C. Braun, National Board; "Cooperation Between Watchmen and Police," W. E. Ryan, Minneapolis police department; "The Chemistry of Arson," Dr. H. H. Barber, University of Minnesota.

"Sprinkler Systems" will be covered by Walter Nolan, Fire Underwriters Inspection Bureau, Minneapolis; "Fire Prevention and Fire Equipment," Sanford Herberg, Fire Underwriters Inspection Bureau; "Fire Alarm Systems," W. C. Barron, Fire Prevention Bureau, St. Paul; "Electrical Inspections as Related to a Watchman's Work," Ed Brown, St. Paul Fire Prevention Bureau.

### Discuss Minn. U. & O. Situation

MINNEAPOLIS—Ways and means of improving U. & O. coverage in Minnesota were discussed at a meeting of a committee of the Minnesota Association of Insurance Agents here Jan. 8. Sitting in with the committee were underwriting, rating and adjusting experts. H. E. Reynolds, Duluth, is chairman of the committee.

Minnesota agents feel that they are at a disadvantage in writing U. & O. because of Minnesota laws and court decisions and they would like to have the situation corrected. The purpose of the meeting is to see what can be done along that line.

The writing of U. & O. insurance in Minnesota has been complicated for many years by reason of the statutes and two decisions of the Minnesota supreme court, one in the Hein case and the other in the Brecher Furniture Company case. The effect of the statute and the decisions is that an insurer is not permitted to apply the partial suspension clause in the U. & O. contract and must pay out the face of the policy. Because of that complication, the newer forms of U. & O. have never been introduced in Minnesota, only the old per diem form being used there. The companies are very careful in their underwriting of U. & O. risks in Minnesota and they always write to the agent to find out whether the amount of insurance applied for represents full coverage.

### More Minn. Mid-Year Speakers

ST. PAUL—Two more speakers for the mid-year meeting of the Minnesota Association of Insurance Agents here March 5-6 have been announced. They are M. N. Scholer of the C. O. Brown agency, Rochester, Minn., and J. W. Randall, vice-president of Travelers. Mr. Scholer, who has made a notable record in the production of accident and health insurance, will talk on that subject. Mr. Randall's subject has not been announced. The third speaker, announced previously, is B. R. Walinder, Chicago, recently promoted to manager of the farm and hail department of America Fore.

### HOLC Coverage Wichita Topic

The Wichita Association of Insurance Agents at its opening meeting of the year discussed the proper method of handling HOLC insurance. President Victor G. Henry was in charge.

### Asks Nebraska Increase

LINCOLN, NEB.—State Fire Marshal Davis is calling attention to the fact that due to the low premium income of the fire companies the amount of money available from the present premium tax is insufficient to take care of the demands upon the state bureau of fire prevention. This is the only source of income the department has and the decrease comes at a time when there is

greater demand than ever for inspection work and arson investigations.

The Nebraska assessment is lower than in any other state doing the same class of work. Stock companies have indicated their willingness to pay more if another inspector is added, Mr. Davis stated.

Mr. Davis asks stricter fire prevention requirements, especially in the oil industry. The prohibition against demolishing buildings that are fire hazards when there are unpaid tax liens should be repealed, he states. He would also deny companies the right to claim exemption from local occupation taxes.

### Long Associated with Travelers

Its 65th anniversary as a producer for Travelers was observed by the Schieble Brothers agency, Dayton, O. During the long association, Schieble Brothers has written many thousands of dollars in casualty coverage.

Its 70th anniversary connection with Travelers will be observed Feb. 25 by the McDermott-Thornton agency, Fond du Lac, Wis. The original contract was taken out by William McDermott, founder of the agency, who died in 1922.

### Name Michigan Committee

LANSING, MICH.—J. T. Hammond, Benton Harbor, a Republican lawyer, has been renamed as chairman of the senate insurance committee. Other members are: H. F. Hittle, Lansing; Earl Burhans, Paw Paw; Joseph Baldwin, Albion; Gilbert Isbister, Port Huron; Don VanderWerp, Fremont, and J. A. LaFramboise, Gladstone. Mr. LaFramboise is the only Democrat.

Senator Hittle, who sponsored the 1937 occupational disease law and favors further liberalization of that measure, heads the senate labor committee.

### Minn. Farm Mutuals Meet

ST. PAUL—Rural fire protection and reinsurance are among the major topics scheduled for the annual meeting of the State Association of Farmers Mutual Insurance Companies here Jan. 9-10. N. O. Evenson, Litchfield, will talk on rural fire protection and H. D. Booth, Jr., Philadelphia, will discuss reinsurance.

Other speakers on the program are Governor Stassen, Garfield W. Brown, American Mutual Alliance, Chicago; J. R. Crawford, Beaver Creek, Minn.; Commissioner Yetka, A. R. Thompson, C. H. Preston and George C. Jones, rural credit conservator for Minnesota. Judge J. J. Moriarty, Shakopee, will be the banquet speaker.

### Check Companies' Neb. Writings

LINCOLN, NEB.—A checkup of all annual statements filed with the Nebraska department has been ordered to ascertain how many companies have been writing types of coverage not included in the licenses they hold, and an order made that hereafter all applications for policy approvals be checked with the licenses. Recently it was discovered that a number of companies have not kept within the bounds of their authority although in all cases their articles of incorporation permitted the writing of the forms in question.

### R. N. Wilson with Bramson

R. N. Wilson, who resigned recently as special agent in northern Ohio for American Eagle and Niagara Fire, is now connected with the Bramson Company agency in the N. B. C. building, Cleveland.

### Dauwalter Speaks in Cleveland

CLEVELAND—F. S. Dauwalter, assistant general manager of the National Board and director of its national defense program, will address the Insurance Board of Cleveland Jan. 24, on "A Pioneer in Public Service." He will

instruct insurance men on how they can help with the national defense program. This is an open meeting, with everyone invited to attend.

The Cleveland Field Club postponed its monthly meeting from Jan. 20 to Jan. 24 in order to join in this meeting.

### Hildebrand Kalamazoo Speaker

KALAMAZOO, MICH.—Waldo O. Hildebrand, Lansing, secretary-manager of the Michigan Association of Insurance Agents, will address the Kalamazoo association Jan. 16 on the personal property floater. Efforts are to be made at the current legislative session to legalize this form of coverage, now barred to Michigan agents.

### Muskegon Program Outlined

MUSKEGON, MICH.—W. O. Hildebrand, secretary-manager Michigan Association of Insurance Agents, addressed this week's meeting of the Muskegon Association of Insurance Agents, outlining subjects to be discussed at the next three monthly meetings. D. A. Forbes, Grand Rapids, president of the state association, also attended the meeting.

The February meeting topic, Mr. Hildebrand said, is to be the application of the wages and hours law to agencies; in March, escheats and intangible property taxation laws, altered by the legislature and newly effective, and in April, insurance legislation of the 1941 session up to that time, including, in all probability, action on a proposed legalization of the personal property floater; prospective changes in the compensation act, and possible amendment or replacement of the present financial responsibility act. Mr. Hildebrand will return for the third meeting to report on the legislative developments. He explained at some length the New Hampshire financial responsibility law and progress made by the state association's automobile insurance study committee in accumulating data on compulsory auto insurance and its variations.

### Plan Iowa Spring Meeting

DES MOINES—Harry C. Brown, Mason City, past president of the Iowa Association of Insurance Agents and chairman of the insurance educational forums committee, will meet with committees from the Iowa Fire Underwriters Association and the Casualty & Surety Club Saturday to formulate plans for this spring. Cities and dates for six forums to be held over the state probably will be selected.

### Mich. Agent Bank Commissioner

Maurice C. Eveland, Mayville, Mich., local agent, has been nominated for banking commissioner by Governor Van Wagoner. Mr. Eveland is an all-round business man—and also a practical farmer. He is president of the Mayville State Bank.

### Morris in Insurance Practice

TOPEKA—C. G. Morris has resigned as an assistant attorney-general of Kansas to reenter private practice as a specialist in insurance law and has been retained by several companies. For about four years he has been legal adviser of the insurance department and the compensation commissioner. He has had several offers to join home office legal staffs but preferred to remain in Kansas.

### Find Some Rebating in Mich.

LANSING, MICH.—Seth Burwell, head of the licensing division of the Michigan department, says 250 cases so far have been investigated in the departmental survey of licensing and agency practices. Most of the inquiry has been confined to instances of controlled business, with some instances revealed in which agents turned back

their commissions to concerns with which they were connected and for which they were placing coverage. These actions, he said, obviously constituted rebating, making the agent, insured and company all subject to penalties. The investigation so far has been confined to the Detroit metropolitan area and little has been done as yet in looking into the part-time agent situation.

#### Redraft Reinsurance Provisions

LINCOLN, NEB.—Existing provisions for reinsuring and consolidating companies have been rewritten in a bill drafted by the Nebraska insurance department. Fraternal are excluded. The act does not apply to reinsurance agreements on individual policies. The reinsuring company must be licensed in the state and the contract must be approved by the board of directors before they are filed with the department. The contracts then must be approved by stockholders or members of mutuals. If required by the department, the reinsuring company must file a list of Nebraska policies and deposit securities.

#### Detroit 1940 Losses Lower

DETROIT—Detroit fire losses in 1940 were \$2,442,630 against \$2,448,580 in 1939, a drop of about \$6,000. Incendary damage dropped from \$125,436 to \$24,247, due to more efficient methods adopted by the arson squad and the addition of a night-duty arson squad.

#### Central Minn. Meeting Jan. 16

The newly organized Central Minnesota Agents Regional Association will hold a meeting Jan. 16 at Long Prairie. Plans for the mid-year educational conference of the state association will be discussed.

Brad Strom of Jackson, chairman of the membership committee of the state association, this week launched an intensive drive for new members with 100 the goal for the year. The first phase of the campaign will end with the mid-year meeting by which time it is hoped to have half the quota enrolled.

#### Honor Retiring Wichita Chief

WICHITA—Clyde Latchem, Kansas state fire marshal, is one of the speakers at the "citizens appreciation dinner" Thursday night, honoring retiring Fire Chief McCall on completion of 51 years of service with the Wichita fire department. H. J. Allen, Wichita publisher and former United States senator, is principal speaker. Insurance men on the committee include V. G. Henry, presi-

dent Wichita Association of Insurance Agents; William Piper, Jr., Dulaney, Johnston & Priest; Tom Welch, Wheeler, Kelly, Hagny, and E. B. Ferguson, Kansas Inspection Bureau.

#### Ohio Legislature Convenes

COLUMBUS—The Ohio legislature convened this week and insurance men are looking for the usual flood of bills affecting insurance. A number of insurance men are serving in the legislature. In the senate are O. W. Whitney, Sunbury, and F. L. Adams, Bowling Green. In the house are J. R. Crunelle, Bellaire; F. G. King, Springfield; F. J. Pokorny, Cleveland; J. H. Asmann, Cincinnati; J. F. Cantwell, Youngstown; J. S. Ogan, Jr., Oftawa, and W. H. Knepper, Edon.

#### Iowa Loss Off Half Million

DES MOINES—State Fire Marshal Strohm estimates the Iowa fire loss for 1940 as approximately \$500,000 under the 1939 figure, \$4,745,000. That would mean the third lowest mark in Iowa in the last 20 years. The all-time low mark was \$3,202,393 in 1935 and the second lowest was \$4,179,650 in 1938. The all-time high mark was \$10,151,011 in 1922.

#### Companies Pledge Cooperation

DETROIT—Companies have pledged cooperation to the newly appointed accident prevention and public safety committee of the Detroit Association of Insurance Agents, which plans a newspaper advertising campaign, Fred C. Esper, A. H. Rohde agency, vice-president of the association and chairman of the committee, reports.

#### Mayfield Calls Prevention Parley

LANSING, MICH.—James Mayfield, Flint, chairman fire and accident prevention committee Michigan Association of Insurance Agents, has called a meeting of his committee to be held here in February.

#### Credit Man Pledges Cooperation

MINNEAPOLIS—Stating that there are many instances "where insurance is not anywhere near adequate to take care of the wants of the customer," J. M. Sprague, Minneapolis, member of the committee on insurance of the National Association of Credit Men, has pledged his hearty cooperation to agents of Minnesota.

"Our committee has not met as yet," he says in a letter to Frank S. Preston, executive secretary of the Minnesota Association of Insurance Agents, "but I think we will get together shortly and see if we cannot go over some of the

things that require our attention in the northwest to get our customers to carry more adequate insurance on their property. In case they have a bad fire or anything else that might befall them that is not covered by insurance it might put them out of business. That is the reason I was so much interested in this work."

#### Honored in Sales Contest

ST. LOUIS—In connection with the contest sponsored by the sales managers bureau of the St. Louis Chamber of Commerce, 50 star salesmen from 50 local business organizations were presented with the distinguished awards. Among the winners were the following insurance men: Sherwood Shadburne, Employers Mutual Liability; Scott Player, Millers Mutual, and Ray Hunsaker, Thompson, Kincaid, O'Connor & Powers.

#### Assessment Good for 10 Years

DES MOINES—The Iowa supreme court in Farmers Mutual Hail vs. H. J. Remien held that an assessment is a part of the application and the obligation cannot be outlawed under statute of limitation for 10 years.

Remien signed an application May 8, 1930, for \$2,100 insurance on growing crops for five years. On Sept. 22, 1930, the association levied an assessment of 1.9 percent which the Remien refused

to pay. The company canceled and action was commenced Aug. 16, 1939, more than five years and less than 10 years after the application was signed.

The issue was whether the obligation was in writing and the 10 year limitation statute applied, or whether it was an open account and the five year limit was applicable.

The supreme court stated the liability of Remien is on account of his written agreement.

#### NEWS BRIEFS

Wheaton A. Williams, vice-president Fred L. Gray Co., will talk on compulsory automobile liability insurance at the Jan. 13 luncheon meeting of the Insurance Club of Minneapolis. The program is sponsored by the Fred L. Gray Co.

Carl Kunz and the Kunz agency, Inc., Minneapolis, have become associated with Wirt Wilson & Co. and the Kunz business in the future will be handled in the Wilson office.

Theodore Purpus, New Bremen, O., who recently observed his 96th birthday, believes he is probably the oldest man in the state actively operating an insurance agency. He is also secretary of the Concordia Building & Loan Association and still keeps regular office hours.

Robert Brewer, vice-president Wheeler, Kelly, Hagny Co., Wichita, for some years in charge of the real estate loan department, has returned to



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the insurance department, with which he was associated when he first joined the firm nearly 20 years ago.

**Earl R. Bush**, Dubuque, Ia., local agent, has been elected president of the Dubuque real estate board.

About 200 Iowa agents of the **Farmers Mutual Hail** met in Des Moines for its annual meeting and agency conference. President Carl Rutledge presided.

**Fred P. and A. A. Beaudin** have opened the **Newberry Agency** in Newberry, Mich. They have been appointed general agent for the Wisconsin National Life. F. P. Beaudin has been with the Lincoln National in Detroit since 1925, recently as agency director.

**E. C. Greene**, manager Metropolitan Life, discussed "Life Insurance and Life Underwriting" at the January dinner meeting of the Insurance Women of Milwaukee.

**Weed, Parker & Co.**, oldest insurance agency in St. Paul and one of the oldest in Minnesota, is faced with the necessity

of making its third moving in its 76 years. Recent vacation of the Dispatch-Pioneer Press building by those two newspapers has left Weed, Parker & Co. the only tenants in the four-story building. Although their lease runs for another four years, the firm has decided to move to another building but has not definitely decided where.

**Arnold Oss** of Minneapolis has been elected a director of Charles W. Sexton & Co.

This year marks the 50th anniversary of the **Cleveland Insurance Agency**, which was founded in 1891. E. B. Berkeley is now president; R. H. Crowell and R. H. Pfeil, vice-presidents; L. W. Theis, secretary-treasurer.

**R. E. Vernor**, Western Actuarial Bureau, Chicago, speaks Jan. 14 at a dinner meeting of the Detroit Insurance Woman's League.

**Ted Rhodus**, formerly vice-president of Garrett, Inc., has joined the E. F. Pierson Co. agency in Kansas City as a producer.

of Johnson City, president of the Tennessee association, who had heard him talk at Bristol.

#### Louisiana Meeting March 26-28

The executive committee of the Louisiana Association of Insurance Agents has selected March 26-28 as the dates of the annual convention. It will be held in Monroe with headquarters at the Virginia hotel.

#### Loventhal Agency Reorganized

NASHVILLE—Following the death of Lee J. Loventhal, Loventhal Bros. agency is being incorporated by C. B. H. Loventhal, Bernard Fensterwald and A. D. Waldauer.

#### To Segregate Water District

Commencing Jan. 1, the Insurance Checking Office in Austin is keeping a record of premiums and fire losses on all property in the Dallas County Preston Road Fresh Water District. If the ratio between premiums collected and

losses paid during the calendar year 1941 earns it, a good fire record credit will be given, effective March 1, 1942. Agents are asked to designate the name of addition or sub-division on all policies written on property in the district.

#### Seek to Extend Inspections

NASHVILLE—The administration will sponsor a bill in the Tennessee legislature extending state inspection and regulation of electric wiring to rural sections as well as in the city limits.

#### Hassinger Firm Reconstituted

James E. Hassinger, Inc., has succeeded the general agency of Gregory-Hassinger of New Orleans. James E. Hassinger is president, L. C. Noeninger and Frank W. Vollenweider are vice-presidents and A. W. Timken is secretary. It represents American & Foreign, Century, Employers Fire, Pacific Coast Fire for fire business, Commercial Union, Reinsurance Corporation of New York, Royal and United States Fire for reinsurance and American Employers

## IN THE SOUTHERN STATES

### Reduction in Arkansas Costs Urged; State Fund Suggested

LITTLE ROCK—Governor-elect Adkins of Arkansas, who assumes office Jan. 14, favors appointment of a committee of competent agents to survey the state's fire and casualty policies and revise such coverage as conditions may warrant.

His statement came in the midst of hearings by the joint budget committee on the following charges and recommendations:

1. That one agency at Little Rock receives 93 percent of the state's business and charges rates 37½ percent above schedules in force for other agencies.

2. That the state can save money by establishment of a state fund to underwrite such risks. Voters in the November general election, however, rejected a state fund plan for compensation.

3. That appropriations for insurance have been excessive and should be reduced if the state fund plan is not adopted.

The joint budget committee received a denial by Raymond Rebsamen, political friend of Governor Bailey to the charge that Rebsamen & East receive 93 percent of the state's business and charge premiums at rates above the schedule set by the state insurance department. Also denied by the Main Street-Broadway bridge district was an allegation that the state carries fire insurance on its two steel and concrete bridges at Little Rock.

Mr. Rebsamen in a further statement expressed belief that a considerable saving could be effected by adoption of the state fund plan.

### Larson Assumes Florida Post

TALLAHASSEE, FLA.—Commissioner Knott of Florida has been succeeded by J. E. Larson, Jacksonville. Mr. Knott has been a state officer for 40 years, 21 of which he has been commissioner.

Mr. Larson takes office with the endorsement of many friends in the business, including Mr. Knott, L. P. McCord, past president Florida Insurance Agents Association, and Hunter Brown, Pensacola, president of the Florida association.

### McDavid Forms General Agency

J. E. McDavid, Jr., who resigned as South Carolina state agent for New York Underwriters, has organized a general agency operating as McDavid & Co. He will handle South Carolina and has been appointed general agent for Massachusetts Fire & Marine, City of New York and Philadelphia National. He is located in the Carolina Life building at Columbia.

### Texas Educational Rallies Well Attended, Successful

DALLAS—The 13 educational meetings conducted by the Texas Association of Insurance Agents were attended by 715 fire and casualty insurance men, bringing at least one meeting within easy driving distance of every local agent in Texas, Executive Secretary D. G. Foreman says in his final report to President Ben A. Calhoun.

Secretary Foreman traveled 3,655 miles to attend the 13 meetings. Each meeting was attended either by President Calhoun or Vice-president Eric C. Gambrell of Dallas.

The stock companies cooperated with the agents by furnishing well-qualified speakers who discussed insurance problems from a factual, everyday standpoint. The right-or-wrong question box, a part of every program, gave agents in attendance a chance to win silver dollars for correct answers and proved most popular and helpful.

The meetings were held in Amarillo, Austin, Brownwood, Garland, Longview, Lubbock, McAllen, Mineral Wells, Odessa, Port Arthur, Vernon and Waco.

### East Mississippi Agents Meet

The East Mississippi Insurance Association, composed of 14 counties, met in Houston, Miss. Jeff Rubel, West Point, is president; R. F. Boone, secretary; S. High, program chairman. C. M. Seay, Jackson, secretary-manager Mississippi Association of Insurance Agents, was principal speaker.

### Report Va. Premiums by Cities

Fire companies operating in Virginia have been directed by the state corporation commission to report gross premiums collected from policies in each city and town in the state in 1940 by March 1. The reports will not include reinsurance.

### Hickey Named Special Agent

T. M. Hickey, in the underwriting department of Godchaux & Mayer, New Orleans general agents, for 10 years, has been appointed special agent. He will assist E. O. Harder, Jr., who has been given additional responsibilities.

### West Richmond Exchange Speaker

Oscar H. West, manager of the Virginia Association of Insurance Agents, was guest speaker at the January dinner-meeting of the Insurance Exchange of Richmond, emphasizing the importance and value of organization and selling the idea of capital stock insurance.

The latter part of the month he will talk before the Johnston City, Tenn., local board on invitation of W. M. Harris

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## NEWS BRIEFS

**B. P. Carter, Jr.**, son of B. P. Carter, Richmond general agent, is recovering from injuries suffered in an automobile accident during the Christmas holiday. After graduating from Virginia Military Institute, he received a year's training in the home office of the National Fire at Hartford. He is now in his father's office in Richmond.

**E. A. Covington**, Springfield, Tenn., mayor and a local agent there, spoke over radio station WLB, Bowling Green, Ky., "Friendly Neighbor Hour"

Sunday. John Browder, also a local agent, spoke in behalf of the 21 clubs of Springfield.

**J. B. Wilson**, Columbia, Tenn., local agent, has been elected president of the Bachelor Club, which sponsors the annual Columbia Mule Day and Mule Trot.

Mutual Insurance Agency and Wells Mutual Insurance Agency, **Memphis, Tenn.**, have been consolidated to form Reuning-Wells, Inc., with offices in the Masonic building. F. E. Reuning is president and F. S. Wells vice-president.

Fred Duke, assistant supervisor of the Arkansas highway department's Fort Smith maintenance department, has returned to active management of his agency in **Mena, Ark.**

dinner-meeting Jan. 16 at Tenafly, N. J. The Passaic County Association of Insurance Agents will hold a dinner-meeting Jan. 23 in Clifton, N. J. It will be a closed session for members only.

## Pittsburgh Club Luncheons

**PITTSBURGH**—The Insurance Club of Pittsburgh has resumed daily luncheons in the Keystone Hotel. The headquarters of the club are in that hotel. A buffet luncheon was held Saturday, with E. W. Murphy, A. L. Patterson agency, chairman of the board, in charge.

## Pages with Kinkade & Co.

**BOSTON**—Lawrence B. Page and his son, W. L. Page, have become members of the firm of Kinkade & Co., brokers in the office of Field & Cowles. L. B. Page has been a well known figure on the street for 20 years past. He was a captain of artillery in the first world war and has had post war service in the national guard. He served for some years as secretary-treasurer of the Insurance Brokers Association of Massachusetts.

## Wants to Pass on Officers

**BOSTON**—Governor Saltonstall of Massachusetts in his inaugural message, commenting on the "looting of insurance companies by faithless officers" in the past, favored giving discretionary power to the insurance commissioner to pass upon the "qualifications and reputations of officers or directors of an insurance company."

Commissioner Harrington has before the present legislature bills to give him that power in connection with casualty companies, such as he now has in relation to life companies.

## Bell Enters Burlington Agency

P. M. Bell has entered Smith, Jackson & Howard, Burlington, Vt., agency to succeed B. S. Jackson, who is retiring. Mr. Bell joined the New England Insurance Exchange at Burlington in 1921, being made assistant manager in 1935. In 1939 he became special agent for the America Fore group.

## Camden Agents Elect

**CAMDEN, N. J.**—Wilbur MacAllister has been elected president of the Camden Association of Insurance Agents, succeeding R. M. Kraft. Carl R. Evered and W. J. Mick are vice-presidents; Leon M. Clair, treasurer; C. L. Skerrett, secretary.

## Insurance Square Club of N. J.

**NEWARK**—The Insurance Square Club of New Jersey will hold a dinner meeting Jan. 13. The annual entertainment and dance will be held Feb. 21.

## NEWS BRIEFS

The annual meeting of the **Associated Insurance Agents & Brokers** will be held in Boston Jan. 17.

**Herbert E. Clarke**, executive secretary Massachusetts Association of Insurance Agents, will address the Worcester North Board at Gardner, Mass., Jan. 15.

**R. H. Smith** has become a member of the firm of Niles, Inc., Boston general

agency. The name will be changed to Niles & Smith, with Mr. Smith as president and H. L. Niles as treasurer.

**R. G. Varney**, son of C. W. Varney, Sr., founder of the Varney & Co. agency of Rochester, N. H., has been admitted to the firm, joining his father and elder brother. He was graduated from Dartmouth last year.

**A. L. Zimmerman**, secretary of the T. C. Moffat Co. agency, Newark, and vice-president of the Essex County Insurance Agents Association, has been elected worshipful master of Kane Masonic lodge.

# CANADIAN

## Uniform Marine Act for Canada Is Favored

**TORONTO**—A uniform marine insurance act is being strongly urged for Canada as British Columbia is the only province to have such a measure.

It is not expected that the dominion government will enact a marine measure but the various provinces will be encouraged to adopt uniform requirements to avoid needless complications.

The general attitude in marine circles is that the need for a marine insurance act, uniform in all provinces, is an imperative necessity, possibly more so in wartime than at any other time.

## Lawrie Succeeds Tyre

**TORONTO**—William Lawrie has been appointed manager for Canada and Newfoundland by the Phoenix Assurance and allied companies, succeeding the late C. W. C. Tyre.

Mr. Lawrie came to Canada from Scotland in 1910 and soon became associated with the Phoenix at Montreal. He was appointed western manager in 1920 and in 1934 was made assistant manager at the Canadian head office.

## Sword Heads Beaver Fire

**TORONTO**—Collin E. Sword has been elected president of the Beaver Fire, succeeding the late G. W. Allan, who also was president of Great-West Life. D. H. Laird, partner of Mr. Allan in the Winnipeg law firm of Allan, Laird, Haffner & Hobkirk, has been elected vice-president of Beaver Fire.

Mr. Sword is the manager for Canada of the Union of Canton group. He started in insurance in 1896 with the London & Lancashire. In 1924 he joined

# EASTERN STATES ACTIVITIES

## Boston Bankers Schedule Insurance Lecture Course

**BOSTON**—The Boston chapter of the American Institute of Banking announces a course of 12 insurance lectures. The course was prepared in cooperation with the Insurance Library of Boston. Question and answer periods will follow each lecture. Insurance speakers will be:

Jan. 21, "Methods of Treating Risk," M. B. Mays, director, Business Development Office, New York; Jan. 28, "Direct Risks—Own Damage," B. B. Gracey, assistant secretary, Hartford Fire; Feb. 4, "Miscellaneous Coverages," Clarke Smith, manager Royal Liverpool groups, New York. "Dishonesty Protection" will be discussed at four sessions, Feb. 18 by Stephen McLaughlin, assistant vice-president Massachusetts Bonding; J. C. Brodsky, secretary Fidelity & Casualty; March 4 and March 11, G. A. Conner, assistant superintendent bank bond division, Fidelity & Deposit; March 18, "Third Party Damage," E. W. Sawyer, National Bureau of Casualty & Surety Underwriters; March 25, "Workmen's Compensation," J. Dewey Dorsett, Association of Casualty & Surety Executives; April 1, "Accident and Health," L. B. Pinckney, O'Neil & Parker, Boston; "Miscellaneous Casualty Lines," W. D. Chappel, Aetna Casualty, Boston; April 8, "Programming a Bank's Insurance and the Functions of the Agent or Broker," L. J. Ackerman, professor of insurance, University of Newark.

## Direct Boston Campaign

Bayard Tuckerman, Jr., senior member of O'Brien, Russell & Co., Boston, has been appointed to head the insurance division of the Greater Boston Community Fund's 1941 campaign to raise \$4,883,000 between Jan. 18 and Feb. 5. Chairmen of the various groups will be D. C. Dorney, Maryland Casualty, casualty agents; G. W. Berry, Massachusetts Bonding, casualty companies; C. L. Powers, Travelers Fire, fire agents; A. J. Farnsworth, Equitable Society, life agents; W. R. Hedge, Boston, stock fire companies; C. J. Diman, John Hancock Mutual Life, life companies; H. L. Carter, Boston Manufacturers Mutual Fire, mutual fire companies; S. B. Black, Liberty Mutual, mutual liability companies.

## Eight Me. Insurance Legislators

**PORTLAND**—The Maine legislature, which has just convened, has in its membership eight insurance men, including Senator J. F. Townsend, Bangor; Representatives E. B. Sanderson, Greene; O. C. Robbins, Harrison; C. L. Labbe, Fort Kent; G. R. Grua, Livermore Falls; A. L. Goldsmith, Orono; Earl Fenelon, North Anson, and L. F. Crockett, North Haven.

## Cosgrove N. E. Exchange Speaker

John N. Cosgrove, assistant to the president of the American Reserve, will describe fire fighting in London in war time, as principal speaker at the annual dinner of the New England Insurance Exchange in Boston Jan. 10.

## N. J. Association Approves Firemen's Tax Form

**NEWARK**—The New Jersey Association of Underwriters has approved a standard tax receipt form and tax return blank form submitted by the New Jersey State Firemen's Association, which all local firemen's relief associations in New Jersey will now be instructed to adopt. The Hudson County Association of Insurance Agents referred the matter to its executive committee several months ago.

Heretofore there was a wide variance in the forms used in reporting the business of agencies for other than domestic insurance companies, as a basis for the 2 percent tax and this uniformity is expected to simplify the work of the agencies.

W. J. Waldron of Trenton has resigned from the executive committee of the New Jersey association, as his agency, Waldron & Craig, has been purchased by Frank R. Zelle, who conducts the C. A. Worthington office at Trenton. The vacancy on the committee will be filled later.

## Write \$200,000 Quake Cover

**BOSTON**—Reports from Center Ossipee, N. H., the center of New England's recent earthquake disturbances, where some 20 quakes have been recorded and considerable damage done to buildings and contents, state that \$200,000 of earthquake insurance has been written in the town. One of the town buildings damaged was a school house whose 4x10 timbers showed wide cracks.

Perhaps the most serious damage to public works occurred in Hingham, Mass., where the cement base of one end of a bridge was so displaced and broken as to render the bridge unsafe.

## Consider Bay State Legislation

**BOSTON**—The officers and executive committee of the Massachusetts Association of Insurance Agents will meet here the evening of Jan. 11 for a presentation of the present legislative situation by John W. Downs, counsel of the Insurance Federation of Massachusetts, and E. S. Oppenheimer, executive secretary of the Associated Insurance Agents & Brokers.

## New Jersey County Meetings

The annual banquet of the Burlington County Association of Insurance Agents will be held Jan. 15 at Moorestown, N. J. Guest speaker will be M. K. Whiteleather, foreign correspondent of the Philadelphia "Evening Bulletin." The Bergen County Association of Insurance Agents will hold a closed

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Union of Canton as fire manager and later was appointed to his present position.

#### New All-Risk Dishonesty Form

TORONTO—A new all-risk dishonesty policy has been announced by the Canadian Underwriters Association. Divided into five clauses, the new form is closely patterned after the United States contract covering dishonesty, disappearance and destruction.

#### Fisher Succeeds McLean

WINNIPEG—R. M. Fisher has been named acting legislative counsel and acting deputy superintendent of insurance

of Manitoba succeeding Wilson E. McLean, who recently resigned to become secretary of the new Canadian Inland Underwriters Association.

Arthur B. Purvis of Montreal, who is now in the United States as director general of the British purchasing commission, is a director of the Sun Life of Canada and a member of the Canadian board of the Liverpool & London & Globe.

H. L. Underwood, a member of the executive staff of the Canadian head office of the Union of Canton, died at his home in Toronto. He had been with the Union of Canton since 1917.

Globe & Republic, Union Assurance, Columbia Casualty and Central Surety. Mr. Brock is general agent for Manhattan F. & M., Pacific Coast Fire and Central Surety.

J. P. McGuinness, former manager of Sunset Underwriters, will open a new general agency under his own name at 844 Dexter-Horton building.

#### May Amend Wash. Surplus Law

Commissioner Sullivan of the state of Washington intends to sponsor a bill to amend the surplus line law to correspond to the measures now in effect in California and Arizona. When and if the law is amended, the intention is to form a surplus line brokers' association and the

expectation is that Lloyds would agree to deal exclusively with members of that association on intra-state risks, as they do in California.

#### F. J. Sullivan 25-Year Man

F. J. Sullivan, assistant district secretary at Butte, Mont., has completed 25 years with the Pacific Board. He started under the late James H. Branscomb, who was then district secretary at Butte. He served six months in the navy during the last world war. On his anniversary, he was given a handsome fishing rod and case by District Secretary Charles W. Cook in behalf of the group. Mr. Sullivan is an ardent fisherman in the Butte neighborhood. Since 1921 he

## PACIFIC COAST AND MOUNTAIN

### Colo. Department to Aid Agents' Qualification Move

DENVER—The Colorado department will cooperate with organized local agents in an effort to bring about passage of legislation for elimination of unqualified agents, it was announced at the first 1941 meeting of the Denver Association of Insurance Agents.

At a conference with representatives of fire, life and casualty associations, Commissioner Kavanaugh agreed to recommend to the legislature any bill which in his opinion will help solve the problem of multiplicity of agents and provide better protection for the public.

While the life men will not actively support such a bill and wish to have their group excepted from its terms, they will not oppose the measure.

#### Examination Requirements

While still in only tentative form, the proposed bill probably will require that all new agents who have not previously held licenses take a written examination given by the insurance department and that, in the discretion of the commissioner, agents who have not been licensed five years or more may be required to take a similar test. Those who have held licenses for five years or more would not be examined.

The proposed measure also would call for extensive changes in renewal application forms, requiring an agent to state what portion of his business had been written on his own family and friends or associates. The aim of this provision would be to weed out so-called "curbstoners."

### Plan Model Programs for California Educational Work

SAN FRANCISCO—Under the direction of Ralph E. Bach of San Diego, a committee of the California Association of Insurance Agents is developing a series of model programs for the meetings of local associations throughout the state. These meetings will be attended by the directors of the state association, but the programs will be devoted mostly to educational features, in an organized effort to stimulate business production by association members.

H. I. Callis of Santa Barbara, past president of the association, is stimulating the "self-education" phase with the aid of a special committee. This group will develop the 20-lesson course in general insurance offered by the Insurance Institute of California, a separate association formed last year by members of the state body. This institute got under way last year in Oakland and the foundation for a program of expansion has been laid, with the promised cooperation of field men and company executives. Classes have been formed in Santa Barbara and Sacramento and it is hoped that other communities will be functioning within the next month.

The association is working this year on the theory that better selling methods by better informed salesmen will produce better public relations and more business for the stock companies.

### Finke Reelected by Oregon Surplus Line Association

PORTLAND, ORE.—J. E. Finke, manager Swett & Crawford, Portland, was reelected chairman of the Surplus Line Association of Oregon at its annual meeting in the office of the insurance commissioner here. Ferry Smith, Dooly & Co., Portland, was named vice-chairman and J. S. Laird, Lamping & Co., Portland, secretary-treasurer. Directors are: J. B. Hurley, special agent, Cravens, Dargan & Fox; John Banks, Portland agent, and Hugh Lacey, Phil Grossmayer Company, Portland.

The organization was formed several months ago to unite all holders of surplus line licenses and to establish closer control over such non-admitted writings. The insurance commissioner's office examines and approves each daily report and approves affidavits filed as required by law certifying that the coverage is not available in admitted markets.

The group is not promoting the growth of non-admitted writings but rather is assisting in policing such activities as normally result from requirements not able to be satisfied by admitted carriers. A fair degree of success in this endeavor toward self-regulation has been attained. Ultimate goals include a reforming of the Oregon surplus line law to conform somewhat to the California law, with the further possibility of establishing agreements with London Lloyds groups to the end that non-members will be refused the Lloyds facilities.

#### Must Await New Rates

DENVER—The Mountain States Inspection Bureau has issued a warning to agents and field men here to await publication of specific rates on public buildings rather than anticipate a flat rate reduction.

A certain amount of confusion regarding rates on buildings of that type followed the original announcement that reductions of as much as 25 percent would be made. The bureau approved this reduction in principle.

The bureau will issue the new rates just as soon as possible, according to Manager W. J. Kulp. However, policies may be endorsed under the new rates, with adjustment from Jan. 1 to expiration.

#### Reed & Co. Now Have Gulf

The Reed & Co. general agency of Denver has been appointed general agent in the mountain field for Gulf and Atlantic. Heretofore, those companies were represented in that field by the late W. E. McCullough.

#### Sunset Underwriters Change

E. Clay Brock has been appointed manager of Sunset Underwriters, Seattle general agency, which is an affiliate of Sunset Life and Sunset Casualty.

Offices have been moved to the Dexter-Horton building, where Mr. Brock operates a general agency as the E. Clay Brock Company. The Sunset represents

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has represented the fire insurance business at all sessions of the Montana legislature and during 1936 he was manager of the State Insurance Referendum Association which brought about repeal of the compulsory state insurance act.

#### Editor A. R. Crawford Resigns

A. R. Crawford has resigned as editor of "Pacific Insurance," the publication of San Francisco. He had been with that magazine since last February and previously for 19 years had been associate editor of "Underwriters Report" of San Francisco.

#### Wenatchee Group Changes Name

WENATCHEE, WASH.—The North Central Washington Insurance Association has changed its name to Wenatchee Association of Insurance Agents.

The Insurance Women's Association of Portland, Ore., resumed classes Jan. 8 in the insurance school it has been sponsoring since last September, with a lecture on comprehensive liability insurance by G. K. Hutchings, Oregon manager for Gould & Gould.

John McFarland of the C. P. Anderson agency, Albuquerque, N. M., captain of the 104th Anti-Tank Battalion, has been ordered to active duty at Fort Sam Houston, Tex., as liaison officer for the battalion.

## MARINE

#### Merchant Ship Program to Add to Premiums

The American Marine Insurance Syndicate for Insurance of Builders Risks, it is understood, will write the builders' risk insurance on the merchant ships being constructed under the vast program announced by President Roosevelt. The syndicate was organized five years ago primarily to write builders risk insurance on naval vessels.

Many of the component parts of these new vessels will be fabricated in various places in the country. Accordingly the period of building at shipyards will be shorter than usual and the builders risk insurance will have shorter time to run.

This should be a handsome new source of income for the marine companies. This construction will presumably continue even after the war is over to make up for the shortage in tonnage throughout the world and would produce

premiums even after the purchase of war risk insurance had ceased.

#### Vandevort Now in Chicago Post for W. H. McGee & Co.

S. L. Vandevort, assistant secretary of W. H. McGee & Co., prominent New York marine firm, has now been transferred to Chicago. He will engage in production work throughout the middle west in collaboration with Assistant Secretary John T. Brennan. Mr. Vandevort is thoroughly familiar with the western field. He was connected with the marine department of Fireman's Fund in Chicago for 10 years, most of the time as manager. Then he served for about eight years as western marine manager of Great American and for the past two years has been at the home office of Great American. His earliest insurance experience was in a brokerage office in New York.

#### Hints Tacoma Towers Ruined

A cautious statement was made the other day by Acting Highway Director J. A. Davis of the state of Washington, which has been taken as a hint that the reports may be true that the huge steel towers of the Tacoma Narrows bridge are damaged beyond salvage. He was quoted as stating that "the indications are that the towers have exceeded their working stresses." However, he stated that he could make no official statement until the written report of consulting engineers is filed. According to Davis, the total cost of the towers, cables and decks of the bridge was about \$3,000,000. Should the towers have to be taken down, dismantling the huge cables would constitute a major task in itself.

#### G. H. Brussel Is Advanced

George H. Brussel, who has been serving as inspector and special agent in the southern states for several years, has now been made superintendent of the inland marine and special lines department of North British & Mercantile in Atlanta. His headquarters will be in the Haas-Howell building. He will travel throughout southern department territory. His early training was in the home office.

#### Heads Foreign Trade Group

LOS ANGELES—R. A. Mitchell, Los Angeles marine manager of the North America, has been elected president of the Los Angeles Foreign Trade Association, composed of manufacturing

firms and importing and exporting houses in this city and vicinity.

#### Mariners Dance Feb. 15

The annual dance of the Mariners, Chicago organization of marine men, is to be held Feb. 15 at the Edgewater Beach Hotel. The next regular meeting will be at lunch next Monday.

Thomas I. Parkinson, president of Equitable Society, has been elected a director of Atlantic Mutual, the marine and fire insurance company of New York.

#### Changes in Report Manual

One of the important changes appearing in the recent revisions to the Report Manual consists of the elimination of the publication of red flag and blue flag

inspection reports by the bureaus in the middle west and the substitution of a special report or an important special report. The special report will be used primarily to cover a condition resulting from changes in progress or from a condition which is considered to be temporary. Special reports will be published on white paper.

The important special report will convey information of a particularly important nature involving a distinct increase in hazard or a depletion of protection and will be published on yellow paper.

These revisions will shortly be adopted for use by the various inspection bureaus in the middle-western states.

The Courtwright agency, Omak, Wash., has been purchased by the Champion agency.

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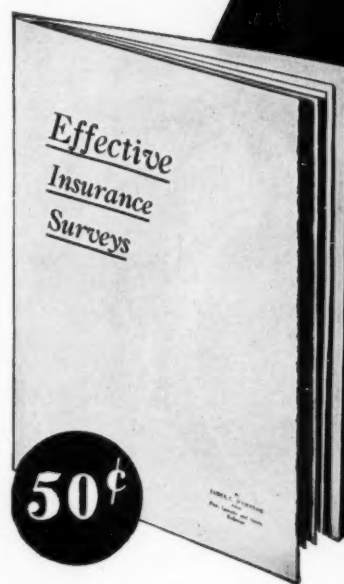


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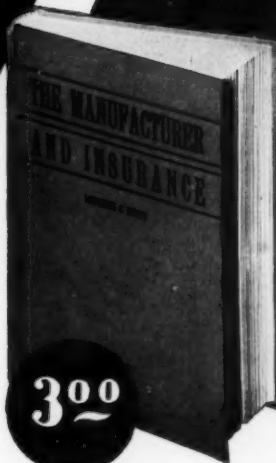
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—Paul E. Rudd, State Agent, Milwaukee, Wisc.

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